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The Post-Westphalian State in Transition
A Case Study:
Transnational Organized Crime and Russia's *Mafiya*

Gregory L. O'Hayon

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Of
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-ABSTRACT-

The Post-Westphalian State in Transition A Case Study: Transnational Organized Crime and Russia's *Mafiya*

Gregory L. O'Hayon

With the collapse of the Cold War, and the subsequent end of the bipolar international system, new security threats have arisen. One of the most important ones is that presented by transnational organized crime, which has increased both in wealth and power as a result of these geopolitical shifts, and with the intensification of the globalization process. We posit that transnational criminal organizations are the perverse effect of both globalization and of weak central states.

In this study we trace the evolution of the Russian Mafiya, which has become a pivotal actor in this new international society of thieves. Moreover, we attempt to gauge the threat posed by the Mafiya on the nascent Russian state, and its transition to a democratic polity and free market economy. This transition has been hampered by its failure to create new state structures necessary to dislodge a resistant *nomenklatura*. Consequently, we posit that transitions can only be successful when guided, and protected by strong states.

We conclude that the Mafiya does represent a strong threat to the current Russian state for it is plundering the country's natural and cultural wealth, undermining the state's authority and legitimacy through corruption and intimidation, co-opting civil society's institutions, and fuelling the forces of disintegration. As in Italy and Columbia, the Mafiya is grafting itself upon the body politic of newborn Russia.

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-INTRODUCTION-

The combined impacts of globalization and the breakdown of the Cold War international system have opened vast new opportunities and territories to criminals. Russia's recent political and economic upheavals have facilitated the plunder of this young state's natural, industrial and cultural wealth by native criminal organizations, and their *nomenklatura* partners. The political and economic institutions of the other fourteen Soviet successor states exhibit similar vulnerabilities. They all simply lack the resources, laws, skills, and occasionally the will to meet this challenge. Furthermore, the once mighty Red Army has been disposing of its arsenal, including nuclear materials, in a gargantuan fire sale where we are liable to meet terrorists, guerrillas, and rogue statesmen.

Globalization, motored by improved transportation and communications technologies (computers, fax machines, etc.), has made national borders increasingly porous because of the consequent dismantling of trade restrictions, and the development of a global financial system. As a result, the volume of trade (licit and illicit) has grown as investment opportunities have eased and increased. On the other hand, it has also facilitated capital flight and money laundering. Capital flight drains public treasuries and forces governments to either increase indebtedness, or cut services. Ironically perhaps, it is often this same flight capital which governments borrow.

Investment, industry, and ideas are not the only ones to have increased their mobility. People have done the same. The multiple diasporas have established networks and home territories for these criminal organizations, especially in the new global cities.

This new global reach of organized crime has consequently made it more difficult for law enforcement agencies to detect, investigate and prosecute them.

The new Russian criminal multinationals have also established strategic alliances with, among others, their Italian, Colombian, Japanese and Chinese counterparts. Even though a *Pax Mafiosa* has not yet replaced the *Pax Sovietica* and *Pax Americana*, they have certainly altered the nature of geopolitics, which is now increasingly tied, not to the control of resources and territories, but to economics and global politics.

Globalization and the collapse of the Soviet Union do not, however, fully explain the reasons for the development of Russian organized crime on such a massive scale. Rather, we posit that the causes are also to be found within Russian society itself. Consequently, we must look at the forces of change at the societal level, as well as at the global level.

In Chapter One, we tackle the thorny question of societal change by attempting to reconcile structuralist and individualistic approaches in order to demonstrate its complexity and unpredictability. By avoiding the determinism inherent in some structuralist theories we can show that organized criminal groups, often the most dynamic actors in transition societies, are actually a form of mobilized social movement which change, not only the rules of the game, but the game itself. Consequently, these groups alter social structures and social actors (individuals).

Moreover, our theoretical approach is utilized to develop a sociology of international change. The latter allows us to analyze the causes and implications of imperial collapse, of a post-communist transition to a democratic polity and free market economy, and of globalization. In Chapter 2 we deal with the first two phenomena, and

illustrate it by referring to the disintegration of the Austro-Hungarian Empire, which we consider to be a forerunner of the Soviet Union's collapse. In the first section we identify the root causes of collapse, both internal and external. The second section serves to identify the various political and economic hurdles faced by Russia as it makes its post-communist transition.

We begin our third Chapter with a definition of globalization in order to gauge its contribution to the changing nature of states, and security. Thus, globalization encompasses several sources of both national and international change. In subsequent sections we look at the deterritorialization of states, the relocation of sovereignty to supra, and sub-national entities, and the increasing number of non-state international actors. Moreover, such an analysis permits us to understand the growing international links between organized criminal groups, as well as their international activities such as drug trafficking and money laundering. Lastly, due to these alterations of the state, traditional military conceptions of security are no longer sufficient. As a result of this deterritorialization of national security, we posit the addition of transnational organized crime to the growing list of non-military and non-territorial threats.

Corruption and organized crime are dealt with in our fourth Chapter. The first section will serve to both define and illustrate the concept of corruption (political and economic) which is a manifestation of the growing interaction between the underworld, and legitimate upperworld. We then look at the roots, and sources of growth of organized crime. We illustrate this and the underworld-upperworld interaction primarily by looking at Italy's post-war experience.

Chapter 5 serves to illustrate the reasons for organized crime's flourishing in post-Soviet Russia. We begin, however, by looking at the causes of Soviet collapse, which we posit as being the erosion of both the Communist Party's political hegemony, and economic central planning. We then analyze Russia's political and economic transition in order to illustrate how its failure to develop new political and economic institutions has fuelled organized crime's growth. Lastly, we present the current situation prevailing in Russia where organized crime is grafting itself onto its body politic, and infiltrating the legitimate economy.

Chapter 1: Methodologies

Structuralist theories maintain that societies are self-sustaining wholes, or systems constructed/structured through the combination of mutually dependent components. Positing the internal unity of systems, they maintain the irreducible nature of these wholes. In other words, the sum is greater and different than its parts.

Although they do not reject the existence of social structures, theories espousing methodological individualism posit that all complex social phenomena can be explained by looking at the individual actions that produce them. Moreover, these individual actions are posited as being the primary sources of social change.

It is our contention, however, that both approaches can be reconciled by avoiding the determinism inherent in some structuralist theories. Also, it serves to both illustrate that the organized crime phenomena is the outcome of both structural and individual-level changes, and that it alters social structures and individuals.

In order to accomplish this we begin with an exploration of Levi-Strauss, considered the founder of the structural approach. It is to be followed by the methodological individualism of Boudon, Crozier & Friedberg, Etzioni, and Touraine. Anthony Giddens' structuration theory will serve to bridge both approaches.

A) Structure

Social structures are analytical tools that identify and categorize a given set of, stable and predictable, social relationships. In other words, social structures refer to the arrangement and interrelation of its constituent social systems.

For Levi-Strauss, social sciences must adopt the concept of social and cultural structures in order for them to become true deductive sciences. This methodological approach will allow them to identify laws and principles, thus improving their predictive capabilities. According to the author:

“Le principe fondamental est que la notion de structure sociale ne se rapporte pas à la réalité empirique, mais aux modèles construits d’après celle-ci. Ainsi apparaît la différence entre deux notions si voisines qu’on les a souvent confondues, je veux dire celle de *structure sociale* et celle de *relations sociales*. Les *relations sociales* sont la matière première employée pour la construction des modèles qui rendent manifeste la *structure sociale* elle-même. En aucun cas celle-ci ne saurait donc être ramenée à l’ensemble des relations sociales, observables dans une société donnée.” (Levi-Strauss 1974: 305-306)

Structures are intellectual constructions, determined and established through the observation of society, of social interactions. They are the means social scientists use to understand and explain the observable reality of actual social relations. Nevertheless, structures are independent of observed reality for they go beyond it to uncover a general origin, in the case of myths, or principle.

Levi-Strauss perceived all forms of social interaction as systems of communication among individuals and groups. As a result, it has led several structural linguists and semioticians, such as Noam Chomsky, to make a distinction between deep and surface structures. In linguistic terms, surface structures are utterances, speech, while deep structures refer to their underlying meaning. In other words, surface structures are observable social relations, and constitute the corpus of empirically minded social science. The goal of structural scientists is to discover those deep structures which are the grammar, the rule system of social life.

Each interaction thus carries a message, constructed through the use of signs drawn from the cultural codes in which the participants were socialized. Thus a cultural system is not only a system of signs, but also a system of rules that indicate how these

signs are to be used. These systems of signs are the forces, which structure human activities.

Structuralism can therefore overcome culture, and discover universal and invariant structures. Inherent in this approach is that all individuals have the same cognitive abilities. In other words, structuralism is not seeking to explain, but to understand how the human mind works independently of the individual's cultural context. Thus, its ultimate goal is to uncover the structures of the human mind. Structuralism does not, however, eschew empiricism for it was born in the ethnographic studies of Radcliffe-Brown and Levi-Strauss among others. Rather, it seeks to either validate deductively elaborated deep structures, or to discover them.

Consequently, we cannot reduce social reality to the actions of individuals or groups, and to the subjective experiences that give them meaning. Thus, intentions do not, in reality, inform action. Rather, action is structured and reflects the underlying social structure (grammar). For instance, Mauss posits that free will is an illusion, and that structures inform an individual's actions (Mucchielli 1983: 51) which are also evidence of an individual's position in a given society. It is in this sense that structuralism seeks the disappearance of the subject, and is therefore in opposition with subjective, individualistic theories. As Mayhew states: "in structural sociology the unit of analysis is always the social network, never the individual." (Giddens 1984: 207-208)

What structuralism basically attempts to do is uncover universally valid laws of society and social change. It posits this search on the belief that relationships are not random, but that they are predictable and structured. As Eco points out, what it seeks to find are constants because "la structure est un système dans lequel tout est connexe, le

tout et le système de connexions.”(Eco 1972: 322). Structure is therefore coherent and cannot be broken down into constituent parts. Structure determines behavior and action.

B) Praxis

Inherently deterministic, Marxism posits production as the central/structural feature of life. As the mode of production changes, so too do the nature of social relations and the character of the superstructure (the state, ideology, culture). What all modes of production, except communism, have in common is the alienation of human beings. Production and alienation sow the seeds of class struggle which is the principle motor of historical and societal change. Marxism evolved in reaction to the writings of Hegel, and to his principle of *Geist*, which emphasized the spiritual foundations of human society. Instead, we should concentrate on the material realities of the world, and on its inherent contradictions.

Social relations are surface structures, or in Marxist terms are part of the superstructure. In all historical epochs, relations of production constitute social relations. Levi-Strauss' claim that structures exist independently of human will echoes this dualism between structure and superstructure. Therefore, the superstructure changes only when the structure is transformed. This latter transformation is endogenous, and the result of its internal and inherent contradictions.

These contradictions occur in three locales. The first is between humans and their natural environment from which they are progressively alienated. The second comes from the development of new production techniques that alter productive relations, as well as the social structures that have been built around them. Contradictions finally emerge

when the superstructure no longer corresponds to the economic structure, or when the institutional organization of society can no longer “protect” or validate the structure.

Although his approach is deterministic, in that he emphasizes the importance of the economic structure and the “irrelevance” of the superstructure, Marx cannot entirely evacuate the role of humans in the making of history. Escaping the iron law of historical materialism, the modern proletariat is posited as being instrumental in the ushering in the epoch of humanistic history. Moreover, history is seen as the product of a complex interplay between human actions and structural conditions. This link is established by what is termed Praxis.

Thus, with this concept we can surmise that, for Marx, human actions do not occur in a vacuum, nor are they random or entirely free. Rather they are dependent on the individual’s personal capabilities, as well as on the circumstances in which that individual must act. Moreover, these circumstances are the result of past human action. In spite of this, Marxism maintains that structural contradictions are the principal motor of social change, not agency.

Like certain streams of structuralist thought, Marxism is highly deterministic. One major difference is that Marxism holds a quasi-religious faith in the notion of progress, and linear historical evolution. Although, Structuralism makes no such claims it, like Marxism, attempts to discover universal laws of causality. In other words, for every specific input there will be a specific output. In other words, human societies are akin to mechanistic systems.

C) Methodological Individualism

For Giddens, the main strength of methodological individualism is its ability to explain social change (Giddens 1984: 216). Although individualistic theories seek to bring agency back in, this does not translate into a complete evacuation of structuralist notions because they do recognize the constraining influence structures exert on individual action. Theories inspired by methodological individualism, moreover, espouse a non-linear and non-ordered view of social relations and change. In other words, they do not believe in the existence of set patterns of social relations. To seek universal laws is thus seen as futile (Giddens 1984: 214).

Giddens' Structuration theory is the means through which we will attempt to reconcile both methodologies, while eschewing structuralism's determinism. For Giddens this determinism, which has blinded sociology to the real sources of social change, is the result of the dualism between agency (voluntarism) and structure (determinism). Thus, structuration theory is Giddens' attempt to reconcile agency and structure. He states:

"The basic domain of study of the social sciences, according to the theory of structuration, is neither the experience of the individual actor, nor the existence of any form of societal totality, but social practices ordered across space and time." (Giddens 1984:2)

Structuration theory therefore avoids reifying static social wholes by emphasizing the fluid nature of social reality by positing the **duality** of structure and agency, and the centrality of social practices. Duality of structure is at the center of Giddens' vision, and basically means that agency and structure are not mutually exclusive. Rather they are two sides of the same coin. Also, it is in this duality that we locate social practices which are the sources of our socialization as actors, as well as the vehicles or embodiments of social

structures. Therefore both action and structure are different ways of looking at social practices.

Etzioni's theory of social guidance or activation underscores this duality between what he terms "downward" (structures) and "upward" (society) processes. He also adds that societies are not very malleable, and cannot be easily guided from the top. The level and extent of societal guidance is dependent upon the type of relationship between the controlling parts and the guided societal units (Etzioni 1991: 40).

Giddens' use of the concept of Praxis echoes Etzioni, and underscores this duality or interdependence between agency and structure. It also serves to emphasize the creative and transformative attributes of action. According to Giddens, Praxis is:

"an ontological term, expressing a fundamental trait of human social existence. To speak of human social activity as *Praxis* is to reject every conception of human being as 'determined objects' or as unambiguously 'free subjects'. All human action is carried on by knowledgeable agents who both construct the social world through their action, but whose action is also conditioned or constrained by the very world of their creation." (Giddens, 1981: 53-54)

Action is therefore seen as transformative, normative, and communicative, as well as basically undetermined because of there always exists the possibility of acting otherwise. Nevertheless, individuals are not the sole originators of action, nor are they the sole products of socialization. Rather, action is informed by socialization, and socialization is impacted action.

This echoes Crozier and Friedberg, who posit that structures determine the scope of freedom enjoyed by individuals and that they, in turn, produce, support and change these structures. Both authors equate these structures to a game, which they define as:

"...a concrete mechanism which men use to structure and regularize their power relations, while leaving these relations - and themselves - free." (Crozier & Friedberg 1977: 56).

Thus, a game regulates cooperation between individuals; as well as reconcile freedom and constraint. A game is a human construct that is linked to a society's cultural models, and to the capacities of the players. A structure is thus a collection of games. Moreover, in a game there is no equality between the players, nor is there any consensus on the rules although it is assumed that there will be a process of socialization. Games do not determine behavior, but they do establish the range of possible strategies among which the actor/player chooses.

Thus they argue that one can neither explain nor initiate change without taking the structures, limits and constraints of the system into consideration. Failure to do so insures that both will fail. An argument could therefore be made that the reform movement in Russia may be failing because it did not take the pre-existing "network" system into consideration. Change is thus fraught with contradictions for it requires that we build upon the foundations of the old structure, as well as erect something new, which is in opposition to the old. This contradiction is overcome by the actor's invention and choice, which is based on the actor's knowledge and understanding of the limits (rules) set by the structures, and the freedom they have. This knowledge does not have to be theoretical. Rather, it is most often internalized as a result of socialization.

Giddens adds that structures do not exist outside actors and their actions, nor are they deterministic or patterns or systems of interactions. Rather, structures are systems of rules and resources that individuals draw upon, but also change, in their production and reproduction of society. As he states:

"One of the main propositions of structuration theory is that the rules and resources drawn upon in the production and reproduction of social action are at the same time the means of system reproduction." (Giddens 1984: 19)

Rules are therefore embedded in the systems of social interaction, and may not always be explicit. Taken for granted and internalized, rules constitute meaning and sanction (enable and constrain) conduct. Giddens identifies two types of rules: allocative and authoritative. The former are material (raw materials, technology), and refer to domination over objects. Authoritative resources refer to domination over people (economic and political institutions). They are the organization of social time-space (Giddens 1984: 258).

Resources provide the means by which transformative rules are incorporated into social practices. There are three types of structure: signification; domination; and legitimation. Signification entails all types of communication (codes, symbols, and signs). Domination refers to the transformative aspect of action.

It also entails the concept of power that Giddens sees as an inherent and necessary feature of human relationships because it is inherent in action itself. As Crozier and Friedberg put it: “relations of power are inevitably bound up with human action” (Crozier and Friedberg 1977: 247). Power can never be absolute, nor can it disappear. Giddens rejects the Marxist concept of power, and posits that power is the ability to achieve or change something. Moreover, he states that subordinates always have resources open to them that allow them to influence those in charge and in power. Power is the property of action and social systems, as well as a needed and unavoidable ingredient in social relations. Therefore, change is impossible without a transformation of the system of power (Crozier & Friedberg 1977). And as with Etzioni, the greatest potential for change occurs when it is initiated from below (upward forces).

Giddens' structure of legitimation refers to the norms of a society or community, whose existence does not depend on their wide acceptance (see Giddens 1976). These rules and resources exist outside time and space (virtual system), and are the properties of collectivities or communities rather than of individual actors. Giddens adds:

"To say that structure is a 'virtual order' of transformative relations means that social systems, as reproduced social practices, do not have 'structures' but rather exhibit 'structural properties' and that structure exists, as time-space presence, only in its instantiations in such practices and as memory traces orienting the conduct of knowledgeable human agents." (Giddens 1984: 17)

Thus, structures guide and inform social interactions. They are virtual in the sense that they are tacitly grasped, not necessarily formulated by individuals. Structure is thus paradigmatic, and dynamic. Not only does it constrain human agency, but also enable it. Structure is the medium and the outcome of the production and reproduction of social practices.

The most important aspect of structuration theory is that agency is embodied in individual human beings. Human society is thus shaped and reshaped by individual's everyday activity rather than by classes, movements, reformist groups or the system.

Giddens also stresses the importance of the actor's knowledgeability, but distinguishes between three types: motivation; practical consciousness; and discursive consciousness. Motivation is found in the actor's unconscious. Motives are the actor's wants, and refer to his/her potential action. In other words, they do not automatically translate into action. Rather, they inform it and have a general influence on it.

Practical consciousness refers to the actor's knowledge, which is not always made explicit. Giddens posits that it refers to routine, taken-for-granted actions in which actors instinctively know the what and why of their actions. It is at this level of day to day activities that social systems are reproduced.

This second strata raises the crucial concept of ontological security which basically refers to the fact that psychological and physical security are dependent on there being a routine. It is when routine breaks down that there is regression to earlier stages of development. The latter entails a potential increase in the power of, and identification with parent-like movements and leaders. Nevertheless, Giddens does not claim that all types of change will engender this reaction (boomerang effect), rather it seems that it will occur if there is a “cataclysmic” break with the routine.

Discursive consciousness emerges when the routine breaks down. It is at this level that actors reflect on the how and why of their actions. Giddens, therefore, makes a distinction between the rationalization of action and the motivation for it. The latter occurs only in unusual circumstances, but actors are not always conscious of it (for example with the survival instinct). Moreover, discursive consciousness is the actor’s ability to reflect upon his/her actions as well as describe them rationally. Although it is difficult to clearly distinguish between practical and discursive consciousness, for Giddens the more routine or fundamental an action is, the less we are able to rationalize or explain it.

D) Collective Action

Theories of collective action utilize the tools of methodological individualism, but posit that individual action alone cannot be a force for change. Rather, groups and collectivities are posited as being the main instruments of change.

Touraine’s collectivities are social movements which he identifies as historical actors. In other words, “L’acteur historique a remplacé le roi” (Eder 1991: 121). Touraine

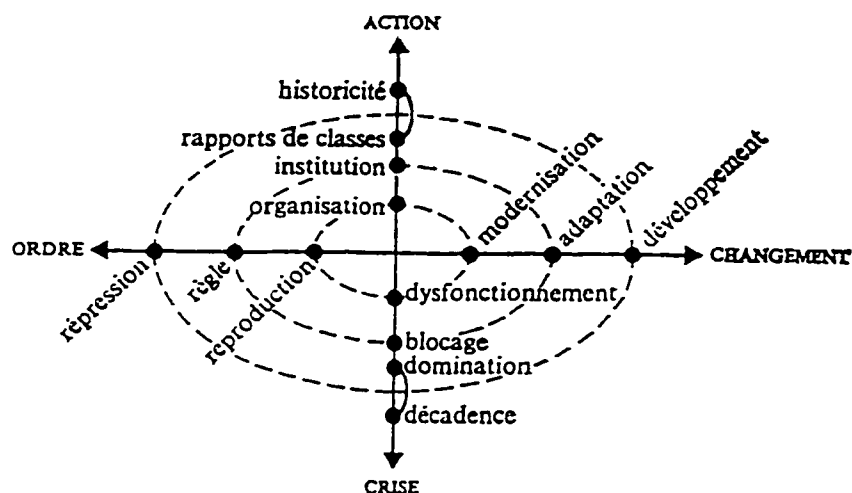
and Etzioni do not marginalize the role of the individual, but posit that his/her actions are informed by the collectivity to which they belong, as well as by the structure of their society. Moreover, it is through collective action that individuals develop their identities.

Touraine also argues that society is nothing but the unstable and rather incoherent result of social relations and conflicts. History and society are therefore made through collective action whose principal agents are social movements that he defines as:

“Le mouvement social est l'action, a la fois culturellement orientée et socialement conflictuelle, d'une classe sociale définie par sa position de domination ou de dépendance dans le mode d'appropriation de l'historicité, des modèles culturels d'investissement, de connaissance et de moralité, vers lesquels il est lui-même orienté.” (Touraine 1984: 152)

Consequently, the sociology of action, illustrated in figure 1, must be at the center of sociological inquiry. Made up of four interlocking parts (action, order, crisis, and change), the figure demonstrates the multidirectionality of social processes. For instance, when an institution is in crisis it can lead to blockage, which in turn transforms rules into tools of domination and exclusion.

Figure 1: Touraine's Sociology of Action
(Touraine 1978: 103)



To Touraine's social movement, Etzioni adds the concept of societal activation. Thus, in order to initiate change, a unit (individual, group and society) must have the ability to mobilize certain key assets. Etzioni identifies three types of assets and mobilization: coercive; utilitarian; and normative. Coercive refers to "weapons, installations, and manpower which the military, the police, or similar agencies command" (Etzioni 1968: 667). Utilitarian refers to "economic possessions, technical and administrative capabilities, and manpower" (Etzioni 1968: 671). Normative refers to "symbols, values, and sentiments" (Etzioni 1968: 670). To this mobilization we must add the secondary role played by new ideas, changes in the mode of production, and the forces in the societal environment (Etzioni 1968: 394). Although these external factors do play a role in social change, the impetus for it must come from within society.

What Etzioni also brings to us is another way of looking at the transnational organized crime phenomenon in Russia. This entails seeing organized crime not as a sign of decay, but as part of the birthing process. This echoes what is occasionally pronounced in the neo-liberal press. In other words, organized crime is a necessary evil which must be "accepted" for it is the price to pay for the introduction of capitalism and democracy. Thus the *Mafiya* in general is seen as a mobilizing force because it actually produces and reproduces the necessary environment for the flourishing of the free market.

This underscores Crozier and Friedberg's concept of social learning (discovery, creation and acquisition of new modes of reasoning - Crozier & Friedberg 1977: 221) which occurs, during a period of crisis, when individual discoveries and innovations are turned into shared social practices and become embedded in the system. Therefore they change the system's traits, and may even alter the way the system transforms itself. But

collective learning is not at all like individual learning since individuals learn from what others have done before. Social learning, on the other hand, has no precedent and must occur in a time of crisis, when there is a rupture with old structures and their vicious circles (habits). It therefore makes ingenuity, leadership, and free choice essential to the emergence of a non-regressive new game (Crozier & Friedberg 1977: 226).

This can be dangerous for it inevitably calls the conditions of an actor's game into question and modifies or eliminates the zones of certainty under his control (Crozier & Friedberg 1977: 217). These zones basically refer to what is under the actor's control, and what is routine. According to the authors:

“In an unconscious but nonetheless legitimate way, they will obstruct any move that threatens their autonomy and will seek to manipulate the change so that they can maintain or even reinforce the zone of uncertainty under their control.” (Crozier & Friedberg 1977: 218)

Collective learning thus fosters collective action as a collection of actors learn (i.e., invent and institute) new games, together with their affective, cognitive, and relational components. These games (social praxis) reflect and induce new organizational structures.

Therefore, it is by learning new games that conflicts arise, not the opposite. This usually occurs in societies of relative affluence. They posit that such a rupture can only engender regression in poor (therefore traditional) societies. We can afford to change or lose some of our many vicious circles. Thus change is eased by the existence of slack in the system. Moreover, progress depends on wealth, not on force of arms, and this wealth is dependent upon the society's inventiveness. Also:

“The more complex and less tightly integrated a society is, the more resources it possesses, the more readily it can transform itself.” (Crozier & Friedberg 1977: 226)

This echoes Touraine's analysis of what he terms the post-industrial society which is the product of our loss of belief in the Enlightenment ideal (progress and evolution), but of our continued "faith" in technical rationality. These societies come to see themselves not as historical products, but as man-made. In this, he echoes Ralston Saul's analysis of corporatist societies, which are characterized by the omnipresence of technocratic management. But for Touraine, social movements which attempt to combat corporatism's hegemony have eclipsed social classes. They are the new forces of history.

Post-industrial societies are therefore distinguished by the decline of the industrial sector. Frenzied technological innovation therefore motors economic growth. And, the traditional class divide has been obliterated by de-industrialization, and the consequent rise of the service class (professionals and "technical") which has become socially, and numerically more important¹. Thus, the post-industrial society is a knowledge based, and governed society.

As a result of post-industrialism, social movements are no longer involved in Historical conflicts. Rather they launch limited actions (*luttres particulières*) with small and specific goals. Class struggles have been transformed into struggles for political power and influence. Touraine has termed this shift as the "*conception stratégique du changement social*" (Touraine 1984: 146).

Moreover for Boudon it is false to state social actors have no other choice but to bend to societal pressure. Forced choice is only occasional for the actor is endowed with a measure of liberty and freedom. Societies are not programmed or programmable because

¹ For Robert Reich the labor market, in developed countries, is being recast into three broad categories: routine production services, in-person services, and symbolic-analytic services. See REICH, Robert. (1992) The Work of Nations. New York: Vintage. 174-180.

of their increasing complexity (due to post-industrialism), and because of the pervasiveness of perverse effects (concept retrieved from economics) which posits as one of the root causes of social change because of their plurality and multidirectionality.

He gives this initial definition of perverse effects:

“The mere juxtaposition of individual actions has produced collective and individual effects that were not necessarily undesirable but in any case had not been included among the actors’ explicit objectives.” (Boudon 1982: 3)

F.A. Hayek (1960) makes two interesting claims on the subject of perverse effects. Firstly, he argues that individuals are rule followers for they know that such behavior garners the greatest rewards. The consequent creation of complex and organized social structures is in itself an unintended consequence. Moreover, he opposed state economic planning and intervention on the grounds that all actions have unintended consequences, but that individual freedom produces less nefarious effects. In other words, individual freedom justifies itself.

Boudon has identified three types of perverse effects: non-desired but positive; non-desired; and undesirable. It is the latter type which creates societal disequilibriums which, unwanted and unforeseen, initiate social change.

Boudon’s units of analysis are individuals and their actions because it is the aggregation of individual actions which eventually become a social effect. In other words, he is describing spillover or feedback processes. Once something is initiated, the preferred or expected outcomes will most likely give way to unforeseen consequences which could either be negative, positive or both. This is not to be confused with the boomerang effect which posits that change engenders reactionary movements which are opposed to it.

An individual actor's perceptions of self-interest are not guided by notions of pure self-interest, or according to the rational actor model. He echoes Mancur Olson's conclusions that state that being conscious of one's self-interest does not automatically translate into action. Boudon defines a perverse effect as:

"an effect that is not sought after by the social actors and does not result from a clash of interests and from the ensuing conflicts." (Boudon 1982: 36)

From this definition we can see that Mancur Olson's free rider, and Albert O. Hirshmann's desertion/protest effect are all instances of perverse effects. Nevertheless, Boudon does not state that all social change is the result of perverse effects. To the latter Boudon adds contradictions (zero-sum games) between important social groups, institutional obsolescence, wars, and other disasters. But what distinguishes perverse effects from all other sources of change are their great frequency, their unrecognized nature, and multidirectionality.

Olson's free-rider concept states that people seek collective benefits without contributing to the group's action. The perverse effect here would be that no one would take part in collective action, and therefore no collective goods would be created. This, however, could only occur if action were truly rational. Thus, for Boudon free-ridership is not a given. Rather, the level of free-ridership is not only dependent on the quantity of goods produced, but also on the quality. In other words, people join groups because they offer them an unquantifiable good; people, like systems, are not solely guided by pure rationality and a cost benefit analysis. This is very important vis-à-vis questions surrounding organized crime and street level violence. For example, law enforcement can make no headway if "normal" people are unwilling, or too scared, to do anything.

This ties into Hirschmann's desertion/protest effect. Desertion is possible, in a multi-polar world, where the individual can more readily find alternative groups or organizations which are better suited to defend his/her interests, or satisfy some other need. Protest, on the other hand, is more likely to occur in a bipolar world because desertion is more problematic and costly.

We could say that within transnational organized criminal groups, both effects (desertion/protest) are prominent. We could also argue that their "emergence" is a form of both protest and desertion, for they have deserted their given civil society and, by their very existence, challenge the integrity of states and the range of action of states.

These groups are part of what has emerged as the global civil society. They are global perverse effects. Moreover as Boudon points out, the costs of eliminating certain perverse effects may be prohibitive and incur other perverse effects. It could also be argued that the security dilemma is also a perverse effect because as a state attempts to secure its survival, in the anarchic state system, it fosters insecurity in neighboring states. This dilemma cannot be escaped from for it is inherent to sovereign statehood. We can see this security dilemma at play as the international community attempts to erect an international response to transnational organized crime. National sovereignties continue to be fiercely guarded, as policies in one country are interpreted with hostility in another.

As we can see perverse effects are solely the result of aggregate individual actions. Rather, the actions taken by organizations such as states and their governments can also foster perverse effects. As mentioned earlier, Russia's economic liberalization program has lead to the appearance of many perverse effects such as inflation, capital

flight, and reduced public expenditures. These individual effects unleash yet others, and when brought together form the essence of a feedback loop.

What we have attempted to accomplish here is to set out a theoretical framework which will allow us to better grasp and contextualize the organized crime phenomenon in Russia. Methodological individualism offers us this possibility because it recognizes the complexity, and unplanned qualities of social phenomena and social change. It does not seek to found its explanations on isolated inputs or levers. Moreover, by founding our analysis on structuration theory we do not need to evacuate all structural notions. Rather, it posits a dynamic interaction between structure and agency in which both influence and constrain the other. Thus by avoiding deterministic explanations, this approach offers is a great deal of theoretical flexibility that can be used to analyze the role of individuals and structures in both the processes of societal and global change.

Chapter 2: Transition

The Soviet Union was the last of Europe's great Empires, and its demise parallels that of the Austro-Hungarian Empire at the end of the First World War. The principle similarity resides in the fact that, in both cases, the successor states must state and nation-build. Presently, the principle goal of this dual building process is the creation of democratic polities and free-market economies.

The major difference between the present situation, and that which prevailed in the inter-war years is the absence of hostile regional hegemons such as the Soviet Union and Nazi Germany. However, the hurdles and pitfalls that the countries of the Former Soviet Union must presently face are analogous to those faced by the Eastern European successor states of the Austro-Hungarian Empire. The same economic, political and ethnic questions prevail.

Imperial collapse is caused by both external and internal structural changes. In other words, the empire in question is undermined by alterations of the international system of states which are primarily linked to the outcome of wars, as well as by modifications in its internal political, economic, and social structures. The latter include increased decentralization, corruption, and social polarization, growing demographic imbalances, as well as economic stagnation.

Neorealism/structural realism will be utilized in this first part for it recognizes the interplay between both levels (external and internal) of changes. Moreover, because it claims to have identified the recurrent patterns of imperial rise and collapse, we can use its conclusions to draw parallels with historical precursors. Neorealism is useful because

the collapse of the Soviet Union entailed a complete change of the international system of states. It left a power vacuum that has to be filled one way or another.

Therefore, in our first section we will underline the changes that are linked to imperial collapse. This will be followed by an examination of the Austro-Hungarian example from which we will draw parallels with the collapse of the Soviet Union, as well as with the current situation in the post-communist world.

We will then specifically deal with the transition process by focusing first on democratization and the consolidation process, and then on free market reforms which are meant to both alter the workings of the economy, as well as the mentalities of the societies in question

A) Imperial Collapse

In War and Change in World Politics, Robert Gilpin sets out to elaborate a structural realist analytical and conceptual framework in order to study change in international relations. Although structural realism or neorealism is non-deterministic, it focuses its analysis on the structure of the international system. It therefore evacuates elements of human nature to explain the behavior of states. Gilpin seeks to identify the recurrent cycles and patterns of the struggle for wealth and power, between independent states, which have characterized international relations for millennia (Gilpin 1981: 7).

i) The State

Gilpin's basic unit of analysis is the group, which embodies the essence of social reality (Gilpin 1981: 304-305). The modern manifestation of this reality is the nation-state, which exists in a Hobbesian/anarchic world system where:

“States operate as effective systems as long as they are capable of performing a set of fundamental functions. These functions include the provision of security, public order, and economic welfare.” (Maoz 1996: 33)

The essential characteristics of the state are its territoriality and population that are the sources of its authority and sovereignty. The latter entail that the state has its own interests, and exercises ultimate authority within its territorial borders. Here we must make the distinction between vital and state interests. The former refers to the survival of the state. Consequently, threats to the integrity of its territory, and the physical well-being of its population are considered to be threats to the state's vital interests.

State interests, on the other hand, may reflect those of its elite or ruling class. Here, there is no hierarchy of interests or needs because a state seeks to satisfy and not maximize its interests. It is thus not a question of guns or butter, but how much of each.

ii) Vital Interests in the International System

States pursue three types of objectives: increased security and wealth; increased influence over the behavior of other states which is accomplished through coercion, or the establishment of alliances or spheres of influence; and increased control and influence over the world economy and the international division of labor (Gilpin 1981: 10). In the latter two categories, a state increases its power and influence if it is able to fashion and control the rules of the system. This ability is dependent on three main factors: the

distribution of power which is oligopolistic; the hierarchy of prestige; and the rules of the system.

The distribution of power, in the international system, can be Imperial, bipolar, or multipolar (balance of power). Power is the aggregate of a state's economic, military, and technological capabilities, and "is the capacity to produce an intended effect" (Waltz 1959: 205). Prestige is a reflection of a state's willingness, and successful use of its power. This will eventually determine a state's position in the hierarchy of prestige/authority.

Both power and prestige must be legitimized in some way. For Gilpin the main legitimizing factor is victory in the last hegemonic war where the distribution of power is recognized in peace treaties (constitutions) (Gilpin 1981: 34). Thus, neorealism posits that the international system, under great power(s) guidance, must establish a system of rights and rules in order to foster a certain amount of order and predictability.

iii) Typology of Change

Gilpin has identified three ideal-types of international system change: systems change; systemic change; and interaction change. The most fundamental are systems change because they are a reflection of the rise and decline of state systems. Systemic change entails an alteration of the system's governance. The main difference between the two is that the former (systems) entails a change of the system and not within it as is the case with systemic change. Interaction changes are the most frequent but have no impact on the distribution of power or the hierarchy of prestige. Although they only slightly modify relations between states, they may indicate more fundamental changes to come.

iv) Domestic Sources

International systems change is dependent on certain domestic factors, the most important of which is the relationship between public and private gain. Thus, private interests are to be furthered by the existence and acceptance of a concept of the Common Good. If this does exist, citizens will most likely be willing and able to sacrifice in order to achieve it, thus nullifying the free-rider effect.

However, if there is a disjuncture between the two types of interests, not only will citizens no longer be willing to sacrifice their wealth and lives, but it may also lead to the disintegration of the state and empire. This process is what Gilpin calls suboptimization, which refers to the efforts of a given subgroup to increase its relative gains at the expense of the larger group (Gilpin 1981: 149). Therefore, it would seem that there is an optimal size for states.

Administrative, economic and technical limitations notwithstanding, the likelihood of political disintegration and fragmentation increases with the size of the state. In other words, the larger the state, the more difficult it will be to adequately apportion power and resources in order to preserve the loyalty of the periphery (Gilpin 1981: 149-150).

Another factor fuelling suboptimization and disintegration is the progressive loss of sight of the founding values and principles, which had initially lead to expansion, of the state. Society, therefore, grows more conservative, less innovative, and less willing to run risks (Gilpin 1981: 154). Affluence has a negative effect on the martial spirit. Not only does society become corrupt, but the political environment is also overtaken by avarice, resentment and anger. This echoes Gibbon's analysis of the decline of Rome

which he saw as “the natural and inevitable effect of immoderate greatness” (Gibbon 1966: 375). In other words, Rome’s fall was due to its loss of the adequate mix of private genius and public industry. Rome’s internal rot facilitated and compounded the destructiveness of successive waves of barbarian invasions.

This may be accentuated in the case of an empire because political control is much more difficult than in integrated territorial states. This deficiency is caused by the relative independence/discretion, which grows as the empire decays, of both local military and political leaders (Maoz 1996: 34). The result is that the imperial provinces become the personal fiefdoms of the local “governor” whose rule may become increasingly oppressive and arbitrary (Gibbon 1966: 376). Economic, political and military power is progressively concentrated in the hands of a small and powerful ruling elite. The local middle class thus disappears, and lawlessness increases². This unplanned and excessive decentralization marginalizes the center from the periphery, as well as make the center’s efforts at social and institutional reform almost impossible.

As with technological and economic innovations, attempts at social reform and institutional rejuvenation are more problematic as the society ages and ossifies. Such reforms, needed to halt and roll-back the decline, seem to be only possible through revolution for it transforms that society’s cultural heritage, its vested interests, and institutional traditions (Gilpin 1981: 189).

² The last years of the Western Roman Empire saw an increase of highway robbery, large landowners becoming laws unto themselves, and public officials selling offices and generally looting the public goods and buildings. See especially Chap. 2 in CAHILL, Thomas. (1995) How the Irish Saved Civilization. New York: Doubleday.

v) International Sources

In order to understand systems changes we must look at the nature of power, and the processes by which it is lost and gained. There are three interrelated sources of power: environmental factors; domestic factors; and the structure of the international system (Gilpin 1981: 54). Kennedy captures the essence of this interrelationship when he states:

“...there exists a dynamic for change, driven chiefly by economic and technological developments, which then impact upon social structures, political systems, military power, and the position of individual states and empires.” (Kennedy 1988 :566)

The first source refers to economic growth, geography, and demography. Environmental change, which is long term, may be triggered by economic, technological (communications and transportation), and military innovations which create surplus wealth. This surplus not only allows states to have more leeway and choices, but by seeking to protect or expand it, states will wage wars since economic considerations have now largely supplanted religious and political motives.

The structure of the international system has an effect on the behavior of states for it behaves as an external constraint on their ability to act. In order to prosper, or even survive in a given system, a state must act according to the prevailing norms which reflect the distribution of power and the hierarchy of prestige. A state will attempt to change the system if the benefits outweigh the costs and if there is a lack of coincidence between the distribution of power and its prestige position (Gilpin 1981: 93).

The global economy is an integral part of the international system, especially in the post-war years when economic efficiency progressively replaced territorial expansion as the principle means of increasing one's power and prestige. Thus, differences between states can be explained by differentials in their levels of economic development.

Moreover, the global economy increases the number and intensity of economic and technological interactions between states. Therefore, a society and its state must foster innovation, in all fields, so as not to lose its relative advantage.

It is, however, easier for a rising state to both innovate and adopt them because they do not conflict with or threaten certain vested interests which are always strongly present in more advanced societies. Moreover, the rising state will push for freer trade so as to maximize its gains, while a declining state will revert to protectionism, which is a sign of relative economic decline. The latter is made evident when the more powerful or dominant state no longer seeks to satisfy, and can no longer fulfill all of its commitments and interests. This is what Kennedy has termed imperial overstretch (Kennedy 1988: 666). The latter, as Howard (1983) points out, goes hand in hand with the evolution of a micro into a macro defense posture. A good example of this was the British belief that the best way to defend India was to control what lied between the Bay of Bengal and the Mediterranean.

National income is spent for three purposes: protection (national security & law enforcement); consumption; and productive investment (Gilpin 1981: 158). Priority spending on the first two, and neglect of the third are to be interpreted as a sign of decline. Thus services replace products, management replaces capitalist risk-taking, and the economy is militarized (Kennedy 1988: 572)³. Moreover, as a consequence of this militarization, the dominant or hegemonic power attempts to overcome its revenue

³ On militarization see: GALBRAITH, John Kenneth. (1992) The Culture of Contentment. Boston: Houghton Mifflin; on the service economy and corporatism see RALSTON SAUL, John. (1995) The Unconscious Civilization. Toronto: Anansi; and REICH, Robert B. (1992) The Work of Nations. New York: Vintage books.

shortfalls by increasing taxes, extracting bigger “tributes” from its allies, and by becoming a debtor rather than creditor nation. Kennedy sums up this hegemonic cul-de-sac:

“...the two great tests which challenge the *longevity* of every major power that occupies the ‘number one’ position in world affairs: whether, in the military/strategical realm, it can preserve a reasonable balance between the nation’s perceived defense requirements and the means it possesses to maintain those commitments; and whether, as an intimately related point, it can preserve the technological and economic bases of its power from relative erosion in the face of the ever-shifting patterns of global production.” (Kennedy 1988: 665)

A declining state has several options in dealing with an ascendant one. The first one is retrenchment, which may actually encourage aggressive behavior on the part of a challenger who interprets such an act as a sign of weakness. Another option is appeasement which, given the example of Munich, is also seen as encouraging aggressive behavior. Yet another option is the formation of alliances with other powers. Its main drawback, however, is that the declining hegemon will probably have to shoulder most of the costs. It might also help create another potential challenger, and there is always the risk of defections from the alliance.

The final option entails either a preemptive strike by the declining hegemon against the challenger, or for the challenger to pounce and destroy. Nevertheless, we must keep in mind that the pre-war objectives rarely come to fruition. This is especially true in the case of hegemonic wars because it is the international system that is in question. The victorious state will, therefore, gain governance over the international system. By establishing the rules governing the world economy it will maximize its gains. Hegemonic wars also entail a reshaping and redefinition of the distribution of power, wealth and prestige.

Therefore, from a neorealist perspective, imperial collapse roughly follows a given cycle or pattern. Empires are thus undermined from within by moral, political, military, and economic stagnation and/or decay, as well as threatened from without by other states seeking to increase their power and prestige.

vi) Illustration

The recent collapse of the Soviet Empire and its Eastern European sphere of influence mirrors the fallout of the collapse of the Austro-Hungarian Empire, and the reconfiguration of East-Central Europe, at the end of WWI.

Nevertheless, it is important to point out the differences between both instances. The main difference, as Fejto argues, is that the Dual Monarchy was the first European state to ever be erased from the map. This erasure was not sought by the majority of the Empire's inhabitants, who for the most part fought bravely and supported the war effort (Bogdan 1989: 126). Thus, contrary to a widely held belief⁴, the Empire was not the victim of its multi-ethnic and multi-national nature. Rather, it was the victim of vengeful and naive Western leaders who cooperated with clever "ethnic" diplomats such as Benes and Masaryk. For Bogdan, the Empire did not implode, it was dismembered for:

"...the peoples [of East-Central Europe] never had the right to self-determination. Their fate was decided in Paris, London or Rome according to the economic and political interests of the Great powers, though often with the complicity of certain national leaders." (Bogdan 1989: 184)

Furthermore, as Fejto points out, the Empire had progressively adapted to calls of increased autonomy on the part of its constituent nations. It had done so with the

⁴ See for example GADDIS, John Lewis. (1993) "The Cold War, the Long Peace, and the Future": 21-38; and LUNDESTAD, Geir. (1993) "The End of the Cold War, the New Role for Europe, and the Decline of the United States." The End of the Cold War-Its Meanings and Implications, Michael J. Hogan, ed. Cambridge: Cambridge University Press: 195-206.

Hungarians in the mid-nineteenth century, and was on the verge of embarking on a federalist project. Unfortunately, the project died with Franz-Ferdinand in Sarajevo, and with it the bulwark against future Nazi and Soviet intervention.

The new states of Central and Eastern Europe⁵ were doomed at birth by Peace Treaties because the parties gave too much importance to the “ethnic question”. In other words, there were too many nations and not enough states. Thus, several multi-ethnic states were established to replace a multi-ethnic empire. Consequently, another hurdle they faced was the necessity for them to construct themselves into viable and stable states which meant that they had to construct institutions, as well as foster a sense of national identity, unity and purpose.

Because these new nationalities questions hindered the emergence of national unity, all states, without exception, became highly centralized. Therefore, the new national minorities were at best ignored, and at worst expelled. This took place, in spite of the fact that all these new and redrawn countries had signed treaties on the Protection of Minorities under the auspices of the League of Nations. This increased resentment, and fueled separatist aspirations. For example, the Sudeten Germans attempted to secede as early as 1919.

Intrastate ethnic and political tensions often influenced regional interstate relations, which in turn amplified these same intrastate tensions. Both were also highly influenced by the post-war status of the countries involved. Thus, the defeated countries (Austria, Bulgaria, Germany, and Hungary) felt they had been wronged, and never

⁵ Albania, Czechoslovakia, Poland, and Yugoslavia (Kingdom of Serbs, Croats and Slovenes). Moreover, the borders of Austria, Bulgaria, Germany, Hungary, and Rumania were redrawn.

accepted the peace treaties which amputated them of large amounts of land and population, and which were now at the mercy of mostly hostile governments.

Economic relations were also to suffer as most countries adopted protectionist and autarkic policies for both political and economic reasons. The former refers to both the regional nationalities questions, but more importantly to rising unemployment and discontent. Thus, these protectionist and import substitution policies were meant to help foster the growth of local industry. As a result, plans to develop free-trade and a possible confederation in the region were dropped.

Moreover, these economic hardships were due to the new political map, which cut traditional economic links between industrial regions and their hinterlands. This only served to exacerbate the economic backwardness of most countries (except Czechoslovakia) and led them to progressively fall under the Reich's economic domination.

The socio-economic dislocations (massive rural exodus, increased competition for scarce resources, massive unemployment and poverty), which were induced by their entrance into the world economy, only served to inflame nationalism and ethnic rivalries. Political extremism, especially fascism (for example the Ustasha movement in Croatia, and Rumania's Iron Guards), and violence further undermined and destabilized these weak regimes and states.

In such circumstances it is not surprising that democracy never stood a chance. Fraud, gerrymandering, and violence marred elections in all of them (except Czechoslovakia). The political rights of the minorities were systematically ignored or eliminated as in Rumania and Yugoslavia where they were denied the vote. Both Poland

and Hungary became martial dictatorships under Pilsudski and Horthy. Yugoslavia never lived up to its federal pretensions, and became a Serb dominated dictatorship. Although Czechoslovakia was a functioning democracy, power was increasingly concentrated in the hands of the President. Albania made the move from tribalism to a dictatorship under King Zog. Violent political clashes and quarrels, within their respective royal families, rocked both Bulgaria and Rumania⁶. They, like Yugoslavia, became unstable Royal dictatorships.

The failure to develop economically stable, and democratic states in Central and Eastern Europe was due to the very weakness of these states. Their inability to state-build only served to exacerbate their problems. Thus crippled by unstable and corrupt regimes, ethnic rivalries, and economic dysfunctions, they made for easy prey as the Nazis first sought to extend their sphere of influence, and then create a new Reich. The Nazis basically played on these divisions, and then conquered. No state was strong enough to stand alone and halt Nazi expansion.

Although it is a truism, we can conclude that the creation of strong and viable states cannot occur overnight. This is especially true in the case of imperial successor states that are left to fill the vacuum left by the collapse. Moreover, their transitions are often hampered by the continued presence of the very forces that led to the collapse. In order to escape a similar fate, these new states must embark on true state building, meaning that they must construct new institutions on the foundations of popular support and legitimacy thus allowing them to face the ensuing travails of statehood. Otherwise, they will be resurrecting the forces of disintegration. This is precisely what the Soviet

⁶ On this question see KAPLAN, Robert D. (1993) Balkan Ghosts. New York: Vintage.

successor states are currently facing, but it remains to be seen whether Russia has buried its Soviet past.

C) Post-Communism

In this section we are primarily concerned with the democratic and free market transitions in general, as we will be dealing with the causes of Soviet collapse in Chapter Five. We begin by looking at the internal and external motivations behind the process of democratization. They were informed by the fact that the collapse of communism was the result of a “double-rejective revolution” against imperial domination and communist rule (Holmes 1997: 14). Therefore, democracy was the only logical choice. Not only was it diametrically opposed to the old system, but it was also the system of the wealthy West. Moreover, this decision is located within a global democratic trend.

Although the establishment of democratic regimes is not predicated on the existence of a free market economy, post-communist societies saw them as inextricably linked. Nevertheless, we have opted to discuss both transitions separately.

i)- Why Democracy?

Although regime changes are characterized by general uncertainty, it is safe to say that democracy was the only viable option open to the post-communist states. Also, most authors agree that it was not only the logical conclusion of Gorbachev’s reforms, but that it was the will of the people, and of the new elite.

Huntington and Fukuyama, among others, nuance these explanations by pointing to another contributing factor. Broadly speaking, both have posited the emergence of a

single, global political culture based on the principles of liberal democracy. Fukuyama describes this emerging state of the world as:

“What is emerging victorious...is not so much liberal practice, as the liberal *idea*. That is to say, for a very large part of the world, there is now no ideology with pretensions to universality that is in a position to challenge liberal democracy.” (Waters 1995: 119)

For Huntington, we are currently in the Third Wave of democratization that began, in the 1970s, with the collapse of military dictatorships in Portugal, Spain, Greece, and Turkey. This era was also marked by global civil society’s growth, which coincided with the end of European Imperialism.

The common thread running through these Third Wave democratizations is that they are the result of both internal and external political, and economic factors that undermined their legitimacy. These range from military defeats, the development of local bourgeoisies, to economic stagnation.

Another important factor is what Huntington calls the “snowballing” or demonstration effect which is principally due to increased and intensified global communication (Huntington 1991: 100-106). Friedman offers this illustration of the process:

“The democratization of East Asia is best understood as part of a global process. A spark for late 1989 democratization in Eastern Europe lay in the televising of China’s great spring 1989 democracy movement. The 1989 movement in China awakened the world, especially Eastern Europe. Everywhere in East Europe people were talking about it. Everybody told me “without the Chinese [who started the movement], we could not have done anything. East Europeans report that watching the Beijing massacre persuaded East German rulers not to follow China’s bloody road when confronted with democratic demonstrators.” (Friedman 1994: 24)

Huntington’s approach, therefore, fuses the traditional features of the developmental model, best summed up by Barrington Moore’s famous adage of “no bourgeoisie, no democracy”, with the globalization of political and ethical norms. In other words, these societies plugged into the global polity, which is liberal democratic.

ii)- Democratic Transition and Consolidation

“Transitions, defined as periods of regime change, are formative or founding moments. As such, they set a society on a path that shapes its subsequent political development.” (Munck & Skalnik Leff 1997: 343)

Transitions are therefore the interval period between the crumbling of the old, and the consolidation of the new regime. To use Crozier and Friedberg’s terms, a regime change entails not only a change of the rules, but also of the game itself. Occurring as they do in crisis situations, it is often difficult to predict, let alone understand the direction of these transitions. Their main characteristic is therefore their uncertain nature.

We can, however, glean certain conclusions by looking at who is leading the transition, and how they are doing so, in other words at the mode of political transition. This allows us to better understand, and possibly predict the problems and prospects of democratic consolidation. Democratic transition is not to be confused with political liberalization. The latter, best exemplified by *Perestroika* and *Glasnost*, only entails certain policy and social changes and not a break with authoritarianism (Linz & Stepan 1996: 3).

Although he does not deny the existence of a transition process, John Mueller believes that to speak of such a process is misguided and even dangerous for it inherently maintains an idealized view of what democracy should be. His main objection is with the notion that these transitions are long-term processes, that they must reach a certain level of maturity and consolidation. Thus, he argues that the post-communist transition occurred swiftly after the collapse of communist power, and with the holding of general

elections. Moreover, he rejects Huntington's notion of preconditions to democratization⁷, since he posits that democracy exists where there are no "thugs with guns" to obstruct people from exercising their "freedom to complain" (Mueller 1996: 104).

By evacuating the Rockwellian mythology surrounding democracy, Mueller posits that all post-communist societies are now democratic. They are true democracies, in that they are flawed just as Western democracies are. To this effect, Mueller quotes from a Hungarian analyst who stated:

"All the surveys and polling data show that public opinion in our region rejects dictatorship, but would like to see a strong man at the helm; favors popular government, but hates parliament, parties, and the press; likes social welfare legislation and equality, but not trade unions; wants to topple the present government, but disapproves of the idea of a regular opposition; supports the notion of the market (which is a code word for Western-style living standards), but wishes to punish and expropriate the rich and condemns banking for preying on simple working people; favors guaranteed minimum income, but sees unemployment as an immoral state and wants to punish or possibly deport the unemployed." (Mueller 1996: 116-117)

Although Mueller makes an interesting claim, it is not only shortsighted, but also idealized. He too easily evacuates the weight of the communist legacy, and its continued importance in these societies. Democracy is more than elections, it is an ethos upon which rests the legitimacy of the state.

Consequently, by looking at the means of consolidation we avoid, what Linz and Stepan have identified as the "electoralist fallacy". They go beyond Huntington's definition of democracy, which posits that a political system is democratic when the principal decision-makers are chosen in free, fair, and periodic elections in which the majority of the population can vote (Huntington 1991: 7)

⁷ Huntington argues that the political will to democratize can only be successful if it has been preceded by social and economic liberalization. Inherent in this notion of preconditions is the belief that democratization cannot be imposed from above. The conditions on the ground must be conducive to its full fruition.

For Linz and Stepan a democracy is consolidated when it “becomes routinized and deeply internalized in social, institutional, and even psychological life” (Linz & Stepan 1996: 5). Using Kaldor and Vejvoda’s terminology, a consolidated democracy is also substantive. Making the distinction between formal and substantive democracy, they posit that a formal/procedural democracy is one which meets Dahl’s minimal procedural conditions which are: inclusive citizenship; the rule of law; the separation of powers; elected power holders; free and fair elections; freedom of expression and alternative sources of information; associational autonomy; and civilian control over the security forces (Kaldor and Vejvoda 1997: 63).

But the level of democracy is not solely measured by a country’s institutions, rules and procedures. In substantive democracy, these procedures and institutions are anchored in a democratic civil society guided by a constitutional order. Moreover, it entails the presence: of many vigorous political parties to provide a vehicle for political participation; of a free media that is capable of informing the political debate; of a public administration that the people trust; a certain level of local government independence in order to manage and respond to local concerns; and the presence of multiple independent associations and institutions which are able to check abuses of state power. (Kaldor & Vejvoda 1997: 66-67)

In other words what you need is a state, a free and lively civil society, an autonomous political society, the rule of law, a dependable state bureaucracy, and an institutionalized economic society which is neither a command economy nor a pure free market economy (Linz & Stepan 1996: 7). To this Gellner would add that there can be no democracy without a civil society which is in “partnership” with other non-state actors

such as political parties and the bureaucracy. It is, however, the state which is the foundation upon which the above mentioned is built. Linz and Stepan utilize Weber's definition of the state in a modern society. Weber's state is one which exercises full jurisdictional authority over a given territory through the establishment of a legal, and administrative order, as well as its monopoly over the means of violence. The state is therefore a "compulsory association with a territorial basis" (Linz & Stepan 1996: 17)

Therefore, one can conclude that Linz and Stepan would consider the failure of the Austro-Hungarian successor states to be due to their failure to build effective states which coincided, or even preceded the nation-building. This is what they have termed the stateness problem. In other words it relates to a lack, or complete absence of agreement over the territorial configuration of the state and the notion of citizenship. Echoing Ignatieff's distinction between ethnic and civic nationalism⁸, they posit that the main hurdle facing the Soviet successor states are questions relating to their stateness. The point about the state cannot be emphasized enough, for as they state:

"Without a state, there can be no citizenship; without citizenship, there can be no democracy."
(Linz & Stepan 1996: 28)

This underscores the fact that a successful consolidation cannot occur if the old elite attempts to overturn or hamper the process. There must therefore be general elite agreement, or at least acceptance of the path chosen, and an absence of irridenta movements that could undermine the process (Linz & Stepan 1996; Munck & Skalnik Leff 1997). Gellner explains that this is always a possibility in a democratic civil society

⁸ "Civic nationalism envisages the nation as a community of equal, rights-bearing citizens united in patriotic attachment to a shared set of political practices and values." Ethnic nationalism is based on inherited loyalties be they related to race, religion, or ethnic identity. IGNATIEFF, Michael. (1993) Blood and Belonging – Journeys into the New Nationalism. Toronto: Viking. pp. 1-10.

for it offers no reference to a holistic community, to a paradise. What it offers is an impersonal system of checks and balances that are meant to guarantee individual liberties, and protect against arbitrary power.

iii)- Free Market Reforms

Basically, post-communist societies have chosen between two approaches to economic reforms. Several countries, such as Rumania, have chosen a gradualist path in an effort to maintain popular support for the government and its reforms by limiting their social costs. The second and most widely used approach was the Lipton-Sachs “shock therapy” program. Underpinning this approach was the belief that if each individual is allowed to pursue his/her own self-interest, everyone benefits. In other words, the free market vehicles and inculcates the Protestant ethic (bourgeois virtue). As Mueller points:

“Thus, in its general day-to-day dealings, capitalist business necessarily requires, relies upon, and inspires integrity, honesty, trust, and reliability to achieve its vaunted efficiency and growth.” (Mueller 1996: 124)

The shock therapy school maintains that, although there may be initial incidences of predatory business practices, gradually those who wish to succeed will adopt these virtues as good business practice for it offers them a comparative advantage.

Moreover, shock therapy sought to eliminate all forms of state economic intervention (especially subsidies) in order to marginalize the old elite still in control of the bureaucracy, and limit its potential for obstruction while bringing discipline to the marketplace. As a result of this depoliticizing of the economic reform process, the state and the economy will be able to shed unproductive and costly enterprises which will either be downsized, restructured, unbundled (the splitting of large assets), or go into bankruptcy.

Shock therapy also entailed the adoption of macroeconomic stabilization policies, systemic transformations (privatization, labor market reform) of the economy, and opening the economy to unlimited foreign investment in order to attract the needed capital, technology, and know-how in order to modernize the economy and the country's infrastructure. Moreover, foreign investment is attracted by the various types of tax holidays, and fiscal advantages offered by governments. Macroeconomic stabilization basically refers to the elimination of price controls so that prices could rise to reflect the true state of supply and demand. Rampant inflation, the wiping out of savings, and a dramatic reduction in consumption are often the result of these monetarist policies.

Opening up the national economy to the world market was a key policy objective. In order to accomplish this, governments had to remove all export subsidies, and import restrictions. They also had to reform the banking sector, as well as create independent (monetarist) central banks modeled on the Bundesbank. Policies aimed at fiscal reform, currency convertibility (value of the currency freely determined on the world market), and the elimination of currency controls, which ease the repatriation of profits by foreign firms, were also part of the program. The latter also aids capital flight and money laundering. Although increased unemployment is the expected immediate outcome of such policies, proponents posit that as the reform process deepens new industries will emerge to soak up the excess labor supply.

Privatization is the epicenter of the systemic transformation of the economy. Its principal goal is the transfer of property rights from the state to individuals, or other non-state economic actors such as foreign corporations and joint ventures. Another of its stated goals is the creation of a competitive environment in which a new and local

entrepreneurial class would help demonopolize the economy, as well as de-communize mentalities.

Although we will address the question of corruption in the privatization process in Chapter Four, it is important to point out now that there were two types of privatization. The first was “spontaneous” privatization which occurred right after the fall of communism. This is where much of the corruption took place for it often involved the hijacking or stealing of state property in order to start a business. Moreover, those involved were often those who could benefit from their connections to the state apparatus, if they weren’t already in it. It was also the domain of those with large preexisting cash reserves because credit was nearly impossible to obtain.

The second type of privatization is state initiated and led, and addresses small, medium, and large-scale industries⁹. There are basically four privatization strategies: voucher-based mass privatization; trade sales and international tenders; initial public offerings; and management and employee buyouts (MEBOs) (Kaufmann & Siegelbaum 1996: 426-427).

The first strategy involves the giving away or sale of vouchers to the general population, workers, management, mutual and pension funds, holding companies, insurance companies, and the government. These vouchers are then redeemable for shares in existing companies or, as was often the case, could be sold or used in barter exchanges in order to procure goods and services. It is a quick way to respond to the lack of local capital, as well as build popular support for the reforms for it gives people a stake in them.

The second strategy basically involves the transfer of large blocs of controlling shares to the highest bidder. However for national security reasons, several strategic industries¹⁰ have been left out of this process. A variant of this strategy is the loans-for-shares program which involves the transfer of shares in return for credit. The third approach, initial public offerings, is more long-term because its success depends on the creation of a local capital market.

Finally, MEBOs are politically popular because they allow workers to buy their companies through the use of vouchers, deferred payments or other special arrangements. Transition economies have also called upon the use of liquidations which are a quick and relatively easy way of shedding insolvent and/or unproductive industries. Because it involves the death of a company and unemployment, governments have tended to shy away from this type of privatization.

Although attempts have been made to de-politicize the economy and foster a competitive environment, the privatization process and the choice of strategies are themselves politically tinged. Moreover, because these policies have coincided with democratization, governments seeking to secure their reelection have been tempted to intervene in the economy and assuage the pain caused by their reform policies.

Shock therapy was meant to allow post-communist societies to make a clean break with the past, and make a return of the command economy impossible or, at least, improbable. It was also deemed to be the best way to instill the capitalist ethos in countries where it was non-existent or had been punished. But shock therapy also opened

⁹ Small-scale privatization involved agriculture, housing, healthcare, the media, small shops, and cottage industries.

¹⁰ These include defense, energy, mining, telecommunications, and transportation.

up vast possibilities for organized crime and corruption, as we will see in the Chapter Four.

Chapter Three: Globalization

Not only do the post-communist countries have to deal with the problems associated with Imperial collapse, but they must now also deal with globalization's upheavals, of which they are both the victims and the perpetrators. Their macroeconomic policies are plugging them into the world economy, which is seen as the prime vehicle for achieving Western lifestyles.

However, even if taken to its logical conclusion of one planetary society and culture, globalization's evolution will probably not be harmonious, but disordered, and may not deliver the desired outcomes. Rather this unification may only exist in a very abstract form, as states and cultures deterritorialize in the face of ascendant transnationalism.

Our point is that these post-communist states may not be adequately equipped to face the challenges posed by globalization, which accentuates their problems of stateness. Moreover, these states already start with major dysfunctions such as the population's lack of trust in the abstract system (bureaucracy, judiciary and police) of the state, and their lack of authority over their territories and borders. Consequently, as in most other countries, there will be a minority of winners, of people who are able to quickly adapt to these changes and become "cosmopolitan", while the majority will probably see itself as having lost, especially in economic terms. What will certainly be lost is the hope and consensus which imbued the anti-communist Revolutions. The result may be the emergence of reactionary social and political groups expounding the virtues of a resurrected state and national identity.

A) Definition

With the collapse of the Soviet Empire and the end of the Cold War international system, globalization has become the central concept, and buzzword, of social science inquiry in the 1990s (Waters 1995: 1). It has also become the central component of social change theory. Globalization basically means that, due to increasing cross-border economic activity, countries and economies are becoming increasingly integrated (Kanter & Pittinsky 1996: 1-2).

Therefore, globalization has increased the mobility of Ohmae's four I's: industry, investment, individuals, and information (Ohmae 1995: viii). The impact of these four I's is not limited solely to the economic sphere. Rather, as we have seen earlier in Fukuyama's argument about the emergent dominance of liberal democracy, there is spillover into cultural and political realms.

Globalization thus obliterates the constraints imposed by time and space (geography). From this we can also see that globalization is the product of the modernization process which Giddens linked to the emergence of modern, industrial and capitalist nation-states. It is therefore wrong, in Giddens' view, to state that globalization has ushered in the post-modern era. Rather, we are witnessing the radicalization of modernity which has occasioned an exacerbation of its duality (double-edged nature) between positive and negative possibilities. This duality also refers to the fact that the local is instrumental in the construction of the global, and vice versa. The four characteristics of High Modernity are: trust; risk; opaqueness; and globalization.

Trust is pervasive in modern life because of our increasing dependence on Post-Industrialism's opaque abstract/expert systems, which endeavor to manage risk. They

include state bureaucracies, financial markets, telecommunications and transportation systems, transnational corporations, the media, international organizations, and the military. Trust “is defined as having faith (of some sort) in the workings of systems, or processes, of which one possesses only limited knowledge.” (Giddens 1991b: 209)

Pre-modern risks (floods, droughts, and war) were largely local and omnipresent. In High Modernity, on the other hand, risks are not only tied to the consequences of one’s own actions, but to the undetermined outcomes of societal activity occurring independently of individual will. Increasingly frequent, global and universal in scope, these risks refer to such things as environmental crises, currency and stockmarket crashes, crime and corruption, armed conflicts and the like, none of which are geographically confined. The changing nature of risk has been accompanied by an increased perception of it, and a realization that attempts at controlling it, by abstract systems and their experts, can fail. This, in turn, undermines both trust and confidence in them. This ties into High Modernity’s opaqueness which refers to the erratic and uncertain nature of social life, and to the public’s general ignorance of how the abstract systems they trust actually work.

Individual responses to these changes are varied. Some maintain an optimistic outlook, and believe that humanity, with technological and scientific progress will be able to face and eventually lessen potential dangers. Others are more pragmatic, and adapt to the changing societal landscape. Others, while troubled by the future, may decide to live for and in the present (hedonism). Lastly, we find people and movements who decide to rebel and oppose these changes. The nature of their opposition is dependent upon their perception of the danger they face. There is therefore a more powerful duality between trust and risk, as well as security and danger in a globalized world.

B) A Turbulent World

In order to flesh out Giddens' local/global duality, we turn to Rosenau's Turbulence paradigm which considers the ending of the Cold War international system as a breakpoint in human affairs. As a consequence, Rosenau posits an alteration of systems change analysis centered on the concept of post-international politics defined as:

"It is shorthand for the changes wrought by global turbulence; for an ever more dynamic interdependence in which labor is increasingly specialized and the number of collective actors thereby proliferates; for the centralizing and decentralizing tendencies that are altering the identity and number of actors on the world stage; for the shifting orientations that are transforming authority relations among the actors; and for the dynamics of structural bifurcation that are fostering new arrangements through which the diverse actors pursue their goals."(Rosenau, 1990, 7)

Turbulence encompasses the forces of change. Although war and conflict have traditionally been seen as the primary sources of systems change, alterations in the way people and institutions perceive, think, and address (reflexiveness) their reality have become the more frequent and important forces of change. This echoes our earlier contention that micro-level phenomena can alter the macro-level and vice versa. It also demonstrates the multiplicity and multi-directionality of the possible outcomes, which are due to the increasing number and variety of actors.

For Rosenau we must now speak of a bifurcated two-world world-system where the state-centric and the multi-centric coexist, compete, and cooperate. The state-centric model is best exemplified by Realism's contention that states are the most important, if not the sole actors in the world system. The multi-centric model, on the other hand, posits that states are not the only actors, and that we must consider the role played by other national, subnational, and transnational actors. Thus, the society of states has become more crowded, and is slowly transforming itself into a global civil society.

Complex interdependence, which is at the heart of this multi-centric model, posits that changes, or events in any one part of a given system will produce some reaction or have some impact in other parts of that same system. These relationships or linkages extend to the realms of economics, politics, society, and ecology. They also imply the existence of feedback loops where, more often than not, the outcomes are unknown and unpredictable.

States have thus become both more vulnerable and sensitive to global events¹¹. Also, interdependence features three types of relationships: interstate, intergovernmental and transnational. The first two traditional types are being eclipsed by the third, which relates to the increased mobility of Ohmae's four I's that escape the direct participation or control of high-level governmental actors.

Non-state actors, who bypass governments and act directly on their domestic environments, have therefore grown in number and importance. They include: NGOs, interest groups, multinational corporations (MNCs), parts of the governmental bureaucracy, and various subnational actors (regions, provinces, and cities). The Realist billiard ball analogy has been replaced by the spider's web. Nevertheless, the actions of states do have an impact the patterns and levels of interdependence.

Bifurcation is also indicative of the process of fragnegration which basically refers to the interaction between fragmentation and integration (Rosenau 1994: 256). To Rosenau's bifurcation, Barber has added the McWorld/Jihad dialectic. Barber's version is

¹¹ Sensitivity basically refers to how quickly changes in one international actor can bring about changes in another and how great the effects are. Vulnerability is measured by the costs imposed on an international actor by those changes. See KEOHANE, Robert, and Joseph S. Nye. (1989) Power and Interdependence, 2nd edition. New York: Harper Collins.

much darker than Rosenau's because he posits that the dialectic's main victim are democracy and its civil society. Barber echoes Gellner's concerns in that they both believe that, without a free and robust civil society, democracy remains an empty shell while the market becomes a jungle ruled by mafia capitalism.

This argument coincides with Soros' and Ralston Saul's¹² warnings about the possible ephemeral quality of liberal democracy's recent ascendancy. For Barber, McWorld is an ideal-type embodying the worst qualities of the unrestrained market, which gradually subordinates politics, society, and culture to it. The citizen thus becomes a consumer, a culture becomes quaint folklore, and countries become markets to conquer. Rosenau sees the same trends, but attributes the growing coincidence in people's tastes and cultural affiliation to increased communication and interaction between them. He does, however, concede that these similarities could also be due to their imposition by leaders who consider them as being the best ways of adapting to change, and integration into the world economy (Rosenau, 1996, 259).

On the other side of this dialectic is the Jihad/fragmentation trend which, in some instances is a direct reaction to the McWorld/integration trend, is the resurgence of particularism, parochialism, and decentralization. Rosenau and Barber do not contend that one is winning, or that one is better than the other, rather that both interact with each other in a non-zero sum game. Rosenau sums up this dichotomous relationship:

"Globalizing and centralizing processes are conceived to be any developments that facilitate the expansion of authority, activities, and interests beyond the existing (usually national) territorial boundaries, whereas localizing and decentralizing processes involve any developments in which the scope of authority and action undergoes contraction and reverts to concerns, issues, groups, and/or institutions that are less encompassing than whatever territorial or socially constructed boundaries may prevail." (Rosenau 1994: 277)

¹² See RALSTON SAUL, John. (1995) The Unconscious Civilization. Toronto: Anansi; and SOROS, George. (1997) "The Capitalist Threat." The Atlantic Monthly February: 45-58.

Consequently, globalizing is boundary-broadening and localizing is boundary-heightening (Rosenau 1996: 251). The former refers to the relatively free movement of people, goods, ideas, and institutions across national boundaries, while the latter refers to efforts aimed at restricting, if not halting these movements. Boundary heightening is also the reflex of societies which feel threatened by globalization, and seek to maintain control over their borders, the content of their cultures, and the meaning of their identity.

The feedback loops engendered by this interaction unleash enormous social and political forces, whose outcomes may be unanticipated and difficult to predict. Nevertheless, it does entail redefinitions and redistributions of sovereignty, authority, legitimacy, and security. These concepts are interdependent, and linked to the state's territoriality.

The traditional conceptualization of the state is that of an organization which claims to have the legitimate monopoly of power and coercion over a given territory (Keyman 1997: 91). Controlling a territory requires a government, an army (and police force), a bureaucracy to administer government policies, a legal system, and a taxation system (Keyman 1997: 71). These five instruments are the sources of the state's authority, which must, in some way, be considered legitimate by its inhabitants. Cultural traditions, religious precepts, governmental performance, or constitutional documents legitimate authority (Rosenau 1990: 36). Sovereignty refers to the recognition by other states of a state's authority over its citizens and territory. And security has traditionally been tied to the protection, from other states, of the state's territory.

C) Redefinitions

Several authors, such as Alain Minc and John Gerrard Ruggie have advanced the idea of a New Middle Ages as the most appropriate analogy for what is occurring to states, nations and their economies. For Ruggie, the New Middle Ages refer to a de-territorialization of the state, while for Minc the concept evokes a decentered and mobile world, where nothing should be taken as a given (Minc 1993: 67).

Sassen fleshes out this scenario by stating that economic globalization does not solely exist in the ether or in the wires. It must eventually touch down, and ground itself. In other words, globalization is a very real phenomenon that can also be visualized. It grounds itself in export processing zones and global cities. Moreover, it is important to keep in mind that states are not victims of globalization, rather they have been played a crucial role in its development and growth.

Export processing zones are areas that various national governments have put at the disposal of international capital. Irrespective of the area's specialty (industrial production, clerical work, computer software development), they benefit from exemptions to most national laws and regulations. Thus freed from taxation, labor and environmental regulations these areas are no longer under the state's control.

Extra-territoriality, at first given to diplomatic missions, has been extended to economic "missions". The impact of this extension has been to denationalize certain territories such as Mexico's *Maquiladoras*, and China's free trade zones, which are often the only parts of their countries' to have plugged into the global economy. One of the results has been the undermining, and marginalization of local and small-scale economic interests and activities. This has resulted in the creation of surplus populations that are

unable to find work in either farming or local industry. Thus by creating large pools of variously skilled workers, wages are kept low.

Global cities, on the other hand, are mostly located in the developed world. Sassen has identified cities such as New York, Tokyo, Frankfurt, and London as examples of global cities. It is from these metropolises that the global economy is managed and coordinated from, for it here that we find international firms which offer specialized managerial, legal, advertising, accounting, and financial services to other international firms. Global cities are denationalized territories in that they are no longer linked with their local economies. They are international in focus, not national. This helps explain why transnational organized criminal groups tend to migrate towards these global cities. These are their metropolises, and the rest of the world is their hinterland.

Offshore banking and investment facilities, such as the ones found in the Cayman Islands, Switzerland and Liechtenstein, are also part of this denationalization process. It is where homeless or hot money seek refuge. By hot money we are not solely referring to criminally tainted money, but also to flight capital seeking to evade national controls. As we shall see, these facilities are where global hot and dirty capital lands.

The Westphalian cartographic illusion is gradually being replaced by a new economic map with its rejuvenated Hanseatic Leagues, and region-states which are natural economic zones (Ohmae 1995: 80). For Minc, however, this redrawing of the map also indicates the re-emergence of “gray zones”, *terrae incognitae* both within and without these new economic units, and where traditional order structures have vanished

(Minc 1993: 67). Minc's imagery also recalls the era of the *écorcheurs*¹³, highwaymen, and pirates when lawlessness and disorder reigned. Ironically perhaps, this was the situation in feudal Europe before the emergence of the centralized state and professional armed forces.

Furthermore, for Sassen the term deregulation is a misnomer because we are not witnessing the elimination of regulatory regimes, rather regulation has been globalized and relocated. We are seeing the development of a global *lex mercatoria*, an international legal regime meant to protect and guarantee property rights and contracts. In other words, governments and global economic actors are progressively establishing an international system of commercial arbitration primarily based on Anglo-American, especially New York State law (Sassen 1995: 16-21). Globalization has not only led to these legal and regulatory changes, but it has also led to a shift in the policy process. For example, as Sassen points out, there has been a shift in international responsibilities and prestige from the US State Department to the Treasury Department.

Sassen's basic conclusions are that sovereignty has begun to be unbundled and decentered, while territory has been partly denationalized. However, she does not concur with Ohmae's conclusion about the growing irrelevance of territorial states, rather she is underlining the fact that states are no longer the sole repositories of sovereignty because it is no longer exclusively tied to territoriality.

Having entered the post-Westphalian era, we must alter the way we think of states. The Realist paradigm, having equated states to individuals (*L'État, c'est Moi*), is

¹³ *Écorcheurs* or skimmers, often out of work or unpaid soldiers and mercenaries, laid to waste the French countryside throughout the 14th century. TUCHMAN, Barbara W. (1978) Distant Mirror-The Calamitous 14th Century. New York: Ballantine Books. 223

no longer as useful as it was during the Cold War because “the territorial level of statehood is changing” (Wæver, 1995, 422). Ruggie’s archetype of the nonexclusive territorial rule is medieval Europe characterized by its:

“patchwork of overlapping and incomplete rights of government, [which were] inextricably superimposed and tangled, [and in which] different juridical instances were geographically interwoven and stratified, and plural allegiances, asymmetrical suzerainties and anomalous enclaves abounded.” (Ruggie, 1993, 148)

This ties into Rosenau’s contention that the loci and foci of authority, legitimacy, and sovereignty are being modified. For Wæver, sovereignty is not being divided, but its scope and “ownership” are being redefined. Rosenau adds:

“So it is not the sovereignty or the jurisdiction of states that is problematic, but rather the exclusivity and the scope of their competence that has changed.” (Rosenau 1992, 256)

Moreover, as Sørensen points out, sovereignty does not guarantee that one will have authority or legitimacy. Many states, especially in the developing world were given external sovereignty before they were ever able to achieve internal sovereignty, or substantial statehood¹⁴. They exist in international law, and are recognized by the society of states, but are not conferred the same recognition from their population. They have little authority, and what little they have is perceived as illegitimate. The main problem, according to Sørensen, is that these states do not fulfill their main function which is to provide security to its citizens. Rather, many of these states represent a threat to their populations, and because they cannot legally “go under” what ensues is a cycle of violence which weakens the state until it becomes a failed state with external sovereignty, but internal chaos such as in Afghanistan, Liberia and Sierra Leone.

¹⁴ See also JACKSON, Robert H. (1990) Quasi-states: Sovereignty, International Relations and the Third World. Cambridge: Cambridge University Press.

Thus a simple change in the scope of sovereignty must be underpinned by a concomitant change in authority and legitimacy, which must also be accompanied by an alteration of individual or groups identities, their sense of home and belonging. This is because both authority and legitimacy are relational phenomena; they do not exist in themselves, nor are they fungible. According to Rosenau:

“It is through the exercise of authority that decisions are made and implemented and the coherence of collectivities thereby preserved. If a collectivity lacked authority relations, if its members felt entitled to do as they pleased, goals could not be framed, and energies could not be concerted; there could be no collective action, and the collectivity would lose its identity as a social system distinct from its environment.” (Rosenau 1992: 259)

Authority thus confers, upon certain members of the community, the ability and right to make decisions for the collectivity. These members establish the rules and resources that society must follow, and eventually alter.

Consequently, individuals confer legitimacy when they perceive collective action as beneficial, and when they believe that others will comply. Giddens and Rosenau also posit that fear of the coercive consequences of noncompliance, as well as habit and routine are sources of legitimacy. Thus authority is not limited to institutions and structures, it is dependent upon the individual’s emotional acceptance of it. There is therefore identification with authority figures (persons and/or institutions) who, in turn, are linked to the identity of the group with who he/she identifies.

Of course, these changes are not uniform in all states. Rather, the extent of these alterations depends on these states’ level of vulnerability and sensitivity. One of the main “identities” underpinning both the authority and legitimacy of states is the concept of citizenship that is itself being transformed in the New Middle Ages. According to Sassen, the modern concept of citizenship has been:

“founded on a number of structural and cultural preconditions: a city culture, secularization, the decline of particularistic values, the emergence of the idea of a public realm, the erosion of particularistic commitments, and the administrative framework of the nation-state.” (Sassen 1996: 32).

Citizenship is being redefined by the increasing power of global capital markets, which have become economic citizens, as well as by immigration and refugee flows.

Governments are now accountable to these economic citizens, such as stockmarkets and bond rating companies, in spite of the fact that they cannot vote governments out. Because national economic policy must now be legitimated and approved by the global financial, located in global cities, local interests have been marginalized. Therefore, citizenship is also being deterritorialized.

Immigration and refugee flows also entail a redefinition of citizenship. This occurs in two ways. First, they initiate tensions between the protection of human rights and the protection of national sovereignty (control of borders). Secondly, by the extension of certain rights and privileges to immigrants and refugees, the “specialness” of citizenship is lost.

It is important to remember, however, that these migratory flows are embedded into the global economy. As Sassen points out, economic development and foreign investment actually encourage migrations by creating surplus populations in search of jobs. Moreover, she distinguishes between two types of immigrants: economic migrants, and global professionals. Both are needed for the global economy to function. Although special measures are instituted to facilitate the movement of global professionals, which are sought by both governments and corporations, states are also attempting to limit and restrict the entry of economic migrants.

Nevertheless, having the internationally recognized right to police one's borders (sovereignty) does not equate to its realization. Following pre-established colonial and post-colonial patterns of migration and recruitment, which have led to the creation of numerous diasporas around the globe, economic migrants find a way to circumvent borders. Moreover, in developed countries, they are protected by international human rights treaties that supersede national citizenship laws. As a result, state authority is being eroded from the top by international covenants, and from the bottom because:

"in accumulating social, civic, and even some political rights in countries of residence, immigrants have diluted the meaning of citizenship and the specialness of the claims citizens can make on the state. When it comes to social services (education, health insurance, welfare, unemployment benefits) citizenship status is of minor importance in the United States and Western Europe." (Sassen 1996: 95)

Therefore, the deterritorialization of the state raises the question as to what are the community's boundaries. Moreover, this questioning is compounded by the reallocation of political authority upward toward supranational institutions, sideward toward transnational organizations and social movements, and downwards toward subnational groups and communities. (Rosenau 1994: 258)

The basic conclusion to draw is not that the nation-state is on its way to full-obsolence, as Ohmae would have us believe. If that were the case, as Realists put it, if it's irrelevant, why is it so popular? On the other hand, globalization has unleashed forces which are altering the ideal-type state and its underpinning notions (legitimacy, authority, sovereignty). It has also increased the number of actors present, and therefore ended the predictability of old.

This paradigmatic change means that the distinction between High and Low politics can no longer be maintained. Postinternational politics translate into a world characterized by complex and cascading interdependence, where military power is of

more limited importance, and where there is no longer a hierarchy of issues. These innovations have been crucial for the study of transnational organized crime, which is a multifaceted and multidimensional phenomenon.

We can therefore conclude with Waters' new theorem, upon which he hopes to construct a novel sociology of international politics, which posits that: material exchanges localize, power exchanges internationalize, and symbolic exchanges globalize (Waters 1995: 9). Realism's dualism, which maintains that only economics and culture are being globalized while sovereignty and decision-making remain solely with the nation-state, is therefore not an adequate paradigm. Economics, culture and politics are not closed systems, but interconnected and interdependent. As Reich has stated:

"We are living through a transformation that will rearrange the politics and economics of the coming century. There will be no *national* products or technologies, no national corporations, no national industries. There will no longer be national economies, at least as we have come to understand the concept." (Reich 1992 : 3)

D) Security

The end of the superpower confrontation has initiated a "Bonfire of the Certainties" (Del Rosso Jr. 1995: 195). One of these certainties is the concept of security. Long defined in Realist terms, it basically referred to protection of the state's territory from organized violence. Thus, the Realist paradigm was essentially militaristic, and posited the central role of states that enjoyed full internal and external sovereignty. Moreover, this conception of security ignored non-military threats such as environmental degradation, population growth, and drug trafficking¹⁵.

¹⁵ See especially this issue of Survival where attempts at redefining security and threats are to be found: "Non-Military Aspects of Strategy." Survival November-December 1989, vol. XXXI, no.6. On the environment and population growth see also: HOMER-DIXON, Thomas (1991) "On the Threshold-Environmental Change as Causes of Acute Conflicts." International Security Fall,

In the wake of the Cold War, calls for a redefinition of security along non-military lines have gained credence because of the increasing complexity and interdependent nature of human affairs. Security is no longer tied to military readiness, and alliances (Rosenau 1994: 255).

The relative certainty and predictability of the Cold War has given way to a much more uncertain security environment. This uncertainty is tied to the increased number of actors (domestic and international, private and public) which serve to mask the true nature of threats (Rosenau 1994: 255). This is because the post-Long Peace international system has yet to clearly define the rules that will govern state behavior. National security's redefinition must also include an analysis of individual security, a notion that was often neglected in the Cold War years because of the relative internal and external stability of states and societies.

Individual security (life, health, status, wealth, and freedom) is a very fickle and subjective notion that is as much the product of perceptions, as a reflection of objective reality (Buzan 1991: 18-19). It differs from national security in that threats to the individual entail either physical harm, or extinction. Consequently, the threat is much more immediate, and viscerally felt.

Security is, however, intrinsically tied to the condition (i.e. whether it is strong or weak), and nature (i.e. imperial, nation-state) of the state. This underlies the relativity of the concept of security, and the fact that "states constitute the primary nexus when it comes to security for individuals and groups" (Sørensen 1996: 373).

vol.16, no.2: 76-116; WORLDWATCH INSTITUTE. (1997) Chapter 2, "Facing the Prospect of Food Scarcity." The State of the World 1997: 21-41.

According to Buzan the state has three component parts: the idea of the state; the physical base of the state; and the institutional basis of the state (Buzan 1991: 40). The state is therefore both a metaphysical and physical entity. As Buzan puts it:

“States must have a physical base of population and territory; they must have governing institutions of some sort which control the physical base; and there must be some idea of the state which establishes its authority in the minds of its people.” (Buzan 1991: 40)

Although globalization and the process of fragmentation are redefining these three components, they remain important reference points for the determination of what constitutes national and individual security, as well as for the assessment of potential threats. Thus, if we are analyzing a strong state, where there is general consensus on all three components, threats are usually external (i.e. other states). But as the state weakens threats multiply. For individuals they can come from other individuals and groups, or from the state itself. For the state, on the other hand, other states become more threatening as the number of internal threats multiply.

Security is a question of survival (Wæver 1995: 405). For an individual this entails survival of one's way of life, of one's identity (national, ethnic, religious), and/or of one's physical being. For a state this refers to its sovereignty, to its capacity for self-rule (Buzan 1991: 41). Thus, a state can come to consider as a security threat anything which undermines its idea, institutions, and/or physical base. Moreover, state and individual security do not always coincide, and often conflict. As Sørensen points out:

“strong states with mature institutions, well-defined territories and strong national identities may well promote the security of their peoples, but the process of becoming a strong state has often been brutal and violent.” (Sørensen 1996: 376)

To this Aron adds:

“Le double problème, de la survie individuelle et de la survie collective, n'a jamais été résolu durablement par aucune civilisation. Il ne pourrait l'être définitivement que par un État universel ou le règne de la loi.” (Aron 1962: 29)

Security is therefore an ambiguous notion that is difficult to objectively define. However, we can say that if the individual's security needs are not met by the state, he/she will attempt to find it in various subnational and/or supranational entities, thus further eroding the role and importance of the state. This is exacerbated by the growing perception that the threats individuals must face are gargantuan and global.

Chapter Four: Corruption and Organized Crime

The stated purpose of this chapter is to assess the threat posed by organized crime and corruption to strong and weak states alike. When speaking of organized crime we are not referring to the popular image of the street tough, rather our interests reside with groups having achieved a high level of sophistication and wealth. It is with these groups that the legitimate upperworld interacts through political clientilism, money laundering, and the smuggling of licit and illicit goods.

This underworld-upperworld interface will be shown to undermine the political structures of the state, the rule of law, and consequently the civil liberties and rights of its citizens. This is especially true in transition societies where the state's political and legal institutions, as well as substantive democracy are not fully developed and implanted. As a result, the underworld may either supplant the state, or be co-opted by the state establishment. Moreover, these possibilities become more significant as the underworld becomes transnational.

Organized criminal groups are posited as being a form of mobilized social movements that are changing not only the rules of the game, but the game itself. This is particularly salient in transition societies where the criminal element is often the most dynamic segment of society. Although it is not their intent, they are both altering societal structures, and its members.

This will be demonstrated as we move from the question of corruption to organized crime's origins, and its current transnational phase where the upperworld-underworld interaction is most prevalent.

A) Corruption

Defining corruption asks that we go beyond a strictly legal explication of the phenomena. We must keep in mind that the meaning of corruption varies between nations and cultures which maintain distinct standards of behavior that are dynamic rather than static, and reflect wider social and political developments. These standards and corruption exist in a kind of dialectic, with changes in one influencing developments in the other (Johnston 1993: 47).

But, as Johnston points out, the notion of corruption can only emerge where Weberian state institutions, with clear demarcations between the powers of the office and of the office-holder and a certain level of political pluralism, have been developed. Moreover, it requires the establishment of a system of public order, which is “relatively durable and congruent social and legal standards defining the limits of legitimate behavior by holders of government roles, and by those who seek to influence them” (Johnston 1993: 41). Nye thus sees corruption as an attempt, on the part of public officials, to further their own private interests (wealth, influence, and status) or those of their family or clique rather than those prescribed by their normal duties (Gardiner 1993: 21). This coincides with Kaufmann and Siegelbaum’s definition:

“We define corruption to be, simply, the abuse of official power for private gain. ... our definition encompasses two categories: the misappropriation of wealth for the benefit of a government official and the extraction of rents-whether in the form of bribes, kickbacks or special “favors”-from private entities.” (Kaufmann & Siegelbaum 1996: 422)

Nepotism, bribery, influence peddling, and misappropriation of public goods are the main characteristics of corruption in the public realm; it is rent-seeking (personal profit) behavior. In other words, they sell the power and influence of their office. Corruption can also be tied with attempts to advance or protect certain political or

economic vested interests. Corruption, however, should not be equated with the activities of organized criminal groups for who it is but a tool.

In their analysis of the post-communist privatization process, Kaufmann and Siegelbaum assert that the level of discretion enjoyed by public officials is directly related to the level of corruption. As the first increases, so does the latter. As they put it:

Every point in the process of privatization that requires an official signature operates as a potential for corruption. (Kaufmann & Siegelbaum 1996: 431)

Moreover, the potential for corruption is tied to the speed of privatization. In other words, the longer it takes the more corruption there will be because public officials can use delay tactics as leverage from which to extract rents. Corruption, just as dirty and hot money, fears light. Therefore, the rules of the game (information about the privatization process) must be made public, information about the value of the enterprises concerned must be made available and not subject to change, and there must be information about the results. Low levels of secrecy, and increased transparency allow the public to act as an auditor.

Table 1: Corruption Potential in Typical Privatization Transaction Structures
(Kaufmann & Siegelbaum 1996: 434)

	Speed	Administrative Discretion	Transparency /Information	Independent Administration
Voucher-Based Mass Privatization	—	—	—	-
Liquidation	-	-	-	-
Capital Market-Based Privatization	++	-	—	—
Tenders and Trade Sales	++	++	-	-
Management-Employee Buy-Out (MEBOs)	+	++	++	+
Spontaneous Privatization	+	++	++	++

Note: “-” and “—” equal and very low corruption potential, respectively.

“+” and “++” equal high and very high corruption potential, respectively

Thus, in post-communist countries the process has been made less corrupt by the establishment of new and independent agencies that administer the privatization of state-owned enterprises. However, these agencies must be manned by new blood, and they must have a determined life span so that control rights (which encourage rent-seeking) do not crystallize within the agency (Kaufmann & Siegelbaum 1996: 432).

Also, mirroring Mueller's exhortations about capitalism's virtues, Kaufmann and Siegelbaum maintain that corruption will diminish as the business community organizes itself into guilds and pressure groups, which will force governments to limit the discretionary power of public officials. Nevertheless, some level of corruption is the price to pay for the transformation, and in some cases may even aid it. As one unnamed Ukrainian official put it: "If you think privatization is corrupt, try without it" (Kaufmann & Siegelbaum 1996: 420).

Opportunities for corruption are thus created. As Lieken points out, corruption is now factored into the cost of doing business, and is tax-deductible in most OECD countries, except the U.S. (Lieken 1997: 70). It has, in some way, been legitimated. Being built into the system, no system or level of institutional complexity can totally eradicate it. It is also very difficult to break corruption's vicious circle in which:

"low salaries invite graft, and graft encourages tax evasion, which deprives the treasury of resources, keeps salaries low, and discredits public office." (Lieken 1997: 65)

In fact, it seems that by increasing bureaucratic rules and controls you can actually increase its incidence (perverse effect) for they increase the opaqueness, and red tape of these abstract systems. Therefore, solely relying upon such solutions tends to undermine the citizenry's trust and cooperation. Moreover:

“actors in the real world’s corruption drama are ingenious in developing new strategies to counteract reforms that policymakers place in their path. Even in corruption, entrepreneurship pays.” (Kaufmann & Siegelbaum 1996: 433)

The judicial system is both corruption’s main foe, and one of its principal victims. Political and judicial corruption, in Western Europe, have recently come to the fore as the investigative organs of the state (judiciary, police, fiscal authorities) have come into conflict with political power, and the economic interests linked to it (Jamieson 1996: 18). As long as they don’t directly threaten these interests, there will be no political interference. However, once under investigation these groups will attempt to “defend themselves by attacking and curbing the power that threatens their continuing prosperity” (Jamieson 1996: 18).

Therefore, a thoroughly independent judiciary is needed in order to limit and combat corruption in both public and private spheres. This is what the United Nations General Assembly Resolution 41/149 stated whose main recommendations are:

- The independence of the judiciary is to be guaranteed by the State and defined in the Constitution or in national laws.
- Judicial magistrates regulate the cases with which they are entrusted impartially, according to the facts and in conformity with the law without restrictions and without being subjected to influences, pressure, incitement, threats or undue direct or indirect intervention on the part of any person whatsoever for any reason whatsoever.
- Judicial magistrates have the exclusive power to decide whether a case assigned to them is in their competence as defined by law.
- Justice is exercised without any unjustified intervention or interference and the decisions of courts are not subject to revision.
- Each individual has the right to be judged by ordinary jurisdictions according to the established laws.
- In virtue of the principle of the independence of the judiciary, judicial magistrates have the right and the duty to ensure that the judicial process is carried out equitably and that the rights of parties are respected.

(Jamieson 1996: 2-3)

A system of checks and balances is central to this fight, and must therefore be a central aspect of post-communist democratic transitions.

Corruption's impact on society is multifaceted. The first impact is obviously the loss of trust in the abstract systems, and the idea of the state. No longer are they seen as working to further the public interest, rather officials are seen as seeking only to line their pockets and promote the interests of their cronies. Private interests are believed to have taken over the state, thus evacuating the notion of a public Good. Also, by perverting capitalism's virtues the goods and services offered and procured may not be the best and most cost-effective.

Lastly, what may occur is the social contagion of corruption where it becomes the norm and not the exception. It therefore becomes the oil that greases the machinery of state and of enterprise. As Gibbon would point out, this distortion of founding principles and virtues signals the sickness and decline of a civilization. This moral rot undermines the rule of law and promotes the rule of the jungle by limiting the judiciary from investigating higher forms of criminality such as organized crime. And as Edmund Burke stated:

"Corrupt influence which is itself the perennial spring of all prodigality, and all disorder; which loads us, more than millions of debt; which takes away vigor from our arms, wisdom from our councils, and every shadow of authority and credit from the most venerable parts of our constitution." (Jamieson 1996: 19)

B) Social Bandits

Although Eric Hobsbawm's Bandits (1969) is a study of peasant/social banditry, it is a necessary first step for anyone studying the phenomenon of organized crime. We can glean from some of his conclusions certain patterns and attributes that continue to

characterize contemporary organized criminal groups. We will concentrate on three specific attributes. The first is the Robin Hood myth, the second relates to the makeup of these bands, and the third relates to the role states play in the development of such bands.

Social bandits are not freebooters or highwaymen, and do not emerge from the professional underworld. It is here that we see the Robin Hood myth emerge because:

“The point about social bandits is that they are peasant outlaws whom the lord and state regard as criminals, but who remain within peasant society, and are considered by their people as heroes, as champions, avengers, fighters for justice, perhaps even as leaders of liberation, and in any as men to be admired, helped and supported.” (Hobsbawm, 1969: 13)

Even before Hollywood immortalized and transformed them into cultural icons, outlaws had always occupied an esteemed position within both urban and rural popular cultures¹⁶. The media not only reinforced the power of this myth, but also catapulted these characters into society’s consciousness or *imaginaire collectif*¹⁷.

The ideal-type peasant bandit is usually a man who: begins as the victim of injustice; rights wrongs; takes from the rich to give to the poor; only kills in self-defense or for revenge; if he survives, he returns to his people as an honorable citizen and member of the community; is admired, helped and supported by his people; and invariably dies as the victim of treason (Hobsbawm, 1969: 35-36). But the bandit never really dies for the people continue to believe that he is in the mountains continuing his noble task. This is but a natural reaction for people who have greatly invested in both the myth and the

¹⁶ For example, Ireland has its rapparrees, Fenians and other secret societies, while Australia has its bushrangers which have achieved folk-hero status. For the first see MACDONAGH, Oliver. (1983) *States of Mind*. London: Pimlico; for the second see especially Chap. 7 of HUGHES, Robert. (1986) *The Fatal Shore*. New York: Vintage Books, and WANNAN, Bill. (1997) *Tell 'em I Died Game-The Stark Story of Australian Bushranging*. Adelaide: Seal Books.

¹⁷ See WEAVER, Mary Ann. (1996) “India’s Bandit Queen.” *The Atlantic Monthly* November: 89-104. Although the case studied here is of a female *dacoit*, in Northern India, Weaver offers a compelling description of this process.

reality, for to admit that both have died would be tantamount to giving up, and accepting defeat.

Needless to say, this ideal-type has rarely come to fruition. It does, however, reveal a constant pattern in the history of organized criminal groups (as well as guerrilla and terrorist groups), because all these groups tend to either manipulate this myth to further their goals, and/or come to believe that they are its contemporary incarnation.

The second attribute is that these bandits come from the surplus rural population, especially from isolated mountain regions. Often landless, these young and single men were either marginals, ex-soldiers, deserters (Hobsbawm, 1969: 25), or simply unsubmitive men who refused to be tamed, such as Russia's Cossacks¹⁸.

Peasant bandits usually emerged in societies undergoing the wrenching transition from one based on tribal and kinship links to an industrial/capitalist one. Such a transition entails the destruction of an entire way of life and its value system. Bandits, however, are neither ideologists nor activists (Hobsbawm, 1969: 20), they are "defenders of the faith", one being threatened by a subjugator of some kind. Thus, unlike the Marxist inspired guerrilla groups of the modern era, these bandits are intrinsically conservative and reactionary as they seek to restore the previous order be it reality or myth.

The third characteristic of social banditry is that it is more prevalent in isolated regions because of the absence or remoteness of the state. In these cases, banditry will either become endemic or possibly mutate into a more predatory form (often the

¹⁸ The word Cossack is a derivation of the Tatar word *kazak* which means: free man, free adventurer, and frontiersman. VERNADSKY, George. (1961) A History of Russia. New York: Bantam Books: 100.

forerunner to revolution)¹⁹, or be co-opted by the state to become its representative in the region. Nonetheless, this does not translate into the disappearance of banditry for it may very well continue with the acquiescence and/or cooperation of the new authorities.

The social bandit corresponds very well with the first stage of Naylor's organized crime evolutionary ladder. The first stage will make or break an organization for it is here that they are very susceptible to the efforts of law enforcement. They begin as small, loose associations that are tied to a territory. As a result, the scope of their activities is limited to such things as hijackings, bank robberies, and ransom kidnappings (Naylor 1993: 20).

Second stage criminal groups are more organized and structured as they expand the breadth and extent of their activities. Moving out of their home territory, they get involved in more parasitical activities such as "embezzlement, protection rackets, illegal gambling and the retailing of "recreational" drugs" (Naylor 1993: 20). For Naylor the move from predatory (first stage) to parasitical activities basically means that these groups "impose an on-going long-term drain on formal society" (Naylor 1993: 20).

In the last stage, organized crime moves away from parasitical activities to enter into a symbiotic relationship with the legitimate upperworld which is "shorthand for the public administration, trade and industry as well as the law abiding community at large" (Van Duyne 1997: 201). The symbiotic stage is characterized by a blurring of the demarcation between legal and illegal activities. As Naylor points out, the goods and

¹⁹ See Part 3 of KAPLAN, Robert D. (1993) Balkan Ghosts-A Journey Through History. New York: Vintage. Here he deals with Bulgaria, and the legendary *yunak* (a young, fair hero or near mythical proportions) Levsky who exemplifies the overlap between social banditry and revolutionary guerrilla movements.

services that the criminals offer may be legal, but the methods by which they produce and distribute them may be illegal (Naylor 1993: 20). For example, they pass from running illegal gambling dens to running legitimate casinos from which they can skim profits, and launder money (Naylor 1993: 20). Through their activities, criminal groups become an integral and functioning part of the legitimate economy for they deliver those goods and services that legitimate enterprises cannot be seen as providing, such as weapons sales and procurements, union-busting, and illegal waste disposal (Naylor 1993: 20-21). This symbiosis also extends, as we will see, into the worlds of politics²⁰ and high finance.

C) Modern Bandits?

Before tackling stage three criminal organizations such as Sicily's *Cosa Nostra*, we will look at the Westies and the Hell's Angels. We have chosen these two contemporary North American groups because they have become notable symbols in our popular culture²¹, and because they differ in terms of territoriality and ethnic identity which serves to underscore the fact that there is no prototypical crime cartel (Shelley 1995: 464).

Born in the late 1960s, the Westies were most probably the last incarnation of a long string of Irish mobs that had dominated Manhattan's west-side district of Hell's

²⁰ Naylor offers the example of Shanghai's Green Gang who's stranglehold over a wide range of businesses was endorsed by the Kuomintang regime in exchange for the Gang's deploying muscle against the government's rivals. see Naylor, R.T. (1993) "The insurgent economy: Black market operations of guerrilla organizations." Crime, Law & Social Change 20: 21.

Gang

²¹ The Westies were the subject of the movie State of Grace starring Sean Penn, and the Hells Angels myth grew after Marlon Brando's The Wild Ones. Moreover, the Hells Angels patented their Death's Head in 1972, and registered their name as a trademark in the 1980s; and the Westies moniker was a press creation, see ENGLISH, T.J. (1990) The Westies-Inside the Hell's Kitchen Irish Mob. New York: St. Martin's Paperbacks: 253; and LAVIGNE, Yves. (1997) Hells Angels-Into the Abyss. Toronto: HarperCollins: 37.

Kitchen since the 1800s. Although they maintained their involvement in first and second stage activities²², they were essentially a first stage organization even as they deepened their involvement in the narcotics trade, and as its leadership attempted to graft itself upon larger Italian organizations.

They failed to make the transition, and were eventually destroyed by both internal and external factors. They were done in by the efforts of law enforcement, and especially by the powerful RICO (Racketeer Influenced and Corrupt Practices Act) statutes²³. The Westies were also undermined by internal rivalries caused by drug created wealth, and especially by the changing demography of Hell's Kitchen. Gentrification²⁴, during the early 1980s basically drove out the local working-class Irish. Unlike the Hell's Angels, the Westies were anchored to their neighborhood (home territory) and its culture, one which had given rise to them and protected them. The Westies were more than just a criminal organization; they were the standard bearers and defenders of a whole community. English points out that:

"As terrifying as the Westies had been, for those who' lived their entire lives in the neighborhood, the alternative was far more unsettling - that the Hell's Kitchen Irish Mob, born of another age, was the last vestige of a culture and community that would never be seen again." (English, 1990: 396)

The continued success of the Hell's Angels confirms Martin and Romano's point that criminal activity may not be the cause or the rationale behind the founding of an organized criminal group (Martin & Romano, 1992: 112). Founded after WWII by former

²² Unlike their predecessors, the Westies were no longer involved in district politics. "...long gone were the days when a local gangster could control enough votes to swing an election, or a local district leader have enough sway to keep his constituents out of jail." English, 1990: 46-47.

²³ RICO makes it possible to prosecute a continuing criminal enterprise. It also allows the government to use members' previous charges and convictions to establish the existence of this criminal enterprise. See English 1990: 370; and STERLING, Claire. (1990) Octopus-The Long Reach of the International Sicilian Mafia. New York: Simon & Schuster: 235-240.

²⁴ Hell's Kitchen has been renamed Clinton.

servicemen, the Angels went from a California based brotherhood of outlaw bickers, whose sole raison d'être was riding Harleys and having a good time, to an international drug distribution network and organization²⁵ made up mostly of freelancers. The Hell's Angels would also seem to nuance Turbiville's definition of organized criminal group:

"a more or less formal structure that exists over time and is directed towards a common purpose by a recognizable leadership operating outside the law, quite often based on family or ethnic identity, and prepared to use violence or other means to promote and protect common interests and objectives."
(Turbiville, 1996: 235)

In other words, the Hell's Angels ethnic identity is being an Angel. Moreover, they successfully appropriated the rugged individualist myth which is so dear to North Americans, and is the equivalent of the Robin Hood myth. Thompson (1970) also points out that in early years of the group, many people attempted to associate themselves with them because of their Jesse James-like quality. They had become an emblem of freedom, and were perceived to be blue-collar America's hippie equivalent. Lavigne has shown this group to be media savvy, and conscious of trying to keep their gruff but kind outlaw appearance. They do this by raising money and toys for needy and sick children, and by waving the flag. This was made evident when their leader, Sonny Barger, suggested that members write letters of support to US soldiers serving in the Persian Gulf. It was hoped that this gesture would help them recruit footloose and action hungry servicemen, like those who had founded the club in 1948 (Lavigne, 1997: 323).

On the other hand, Italian organized criminal groups were born, in the first half of the 19th century, as a result of the weakness and remoteness of the state. Rome was unable to provide legal and police protection to the emergent business and landholding classes of

²⁵ Worldwide the Hells Angels have 1,200 members and 85 chapters in 17 countries. See Lavigne 1997: 338.

the *mezzogiorno*/southern regions (Shelley 1995: 476). Thus emerged Calabria's 'Ndragheta, Apulia's *Sacra Corona*, Sicily's *Cosa Nostra*, and the Neapolitan *Camorra*²⁶ to fill the power vacuum left by Rome and provide protection to the new business class.

These groups became surrogate states to the poor for whom, apart from tax collectors, there was no state to speak of. By the time Rome was ready to assert its authority in the region, these secret brotherhoods had become forces to be reckoned with. By this time, they had also branched off into new activities such as grain dealing, cattle rustling, controlling scarce water resources, kidnappings, and estate management (Jamieson 1990: 3).

The Italian situation is analogous the current situation in several Latin American countries where criminal organizations have created parallel polities, which fill the void left by an absent state. Although NGOs offer health, education, and urban infrastructure services, the criminal gangs have entered the fray to offer not only these services, but economic opportunity, social advancement, and protection from corrupt and violent police forces, as well as from non-community predators (Leeds 1996: 49-50).

Before looking at the symbiotic relationship between both worlds, we must look at these groups' shared internal characteristics.

Borrowing from Cohen's study of organizations (1977), Martin and Romano state that criminal organizations must deal with the same functional problems faced by other types of organizations:

"All organizations are required to cope with problems of resource procurement and allocation, personnel recruitment and socialization, solidarity, legitimacy, discipline, reconciliation of conflicting goals, and so on." (Martin & Romano, 1992: 112)

²⁶ The *Camorra*, unlike the other groups that emerged in rural areas, was founded in the 18th century by convicts. It was born in prison. see Sterling 1990: 144.

Because of the illegal nature of their activities, criminal organizations must maintain secrecy and strict control over information (Martin & Romano, 1992: 114). They must also seek to discourage law enforcement agencies through either corruption, or intimidation (Martin & Romano, 1992: 114). They must also have access to “safe” and secretive banking facilities, and other financial services (insurance, brokerage) so as to secure capital, and launder their dirty money; they must therefore be able to recruit new and trustworthy talent; and they need to provide domestic, and international transportation for cargo and personnel (Martin & Romano, 1992: 114). It is here that the underworld interacts with the legitimate upperworld.

The aura surrounding many of these groups is primarily due to their cultures and governing principles, which maintain internal order and cohesion while keeping the authorities at bay. These rules establish the group’s internal hierarchy, govern the behavior of its members, and institute conflict resolution and rule violation (law & order) mechanisms²⁷ (Martin & Romano, 1992: 115).

Such a culture also serves to legitimate the group, and its activities in the eyes of the participants and of the public. This is where the Robin Hood myth comes into play. For example, the late leader of the Medellin cartel, Pablo Emilio Escobar Gaviria, was known for his philanthropic actions throughout Medellin. According to Filippone:

²⁷ *Cosa Nostra* is based on a pyramidal, hierarchical structure. At the base we find the soldiers or Men of Honour lead by the *capo-famiglia*-Family Boss and his *consigliere*-right-hand man-. The latter answer to the 12 *capo-madamento* who represent three contiguous families on provincial commissions dominated by the *Cupola*-Commission which as the governing body sets policy guidelines, fixes territorial boundaries, settle intramural disputes, and rules on in-house killings. Its decisions are coordinated by the ultra-secret *inter-Provinciale*. see LABROUSSE, Alain. (1991) La Drogue, l'argent et les armes. Paris: Fayard: 160; SHELLEY, Louise I. (1995) “Transnational Organized Crime: An Imminent Threat to the Nation-State?” Journal of International Affairs Winter: 472; and Sterling 1990: 282. The Medellin cocaine cartel is also a family-based organization which is rigidly compartmentalized in a cell-based structure. see FILIPPONE, Robert.

“Escobar built and outfitted 80 illuminated sports arenas. He fixed sewage systems, illuminated poor neighborhoods, built and repaired schools and churches, and planted thousands of trees. His method was to send teams into the poor neighborhoods to consult with the residents and determine which projects they thought would be of most benefit to them.” (Filippone, 1994: 337)

This narco-philanthropy is prevalent throughout Latin America (see Hargreaves 1992; Thomson, 1996; and Leeds, 1996), but is less conspicuous in Italy and North America. This aura is compounded by the most potent weapon these groups possess: the silence of their home communities. Be it Hell’s Kitchen West Side Code, or Sicily’s *Omerta*²⁸, most communities would rather stay silent than denounce their activities, and cooperate with the authorities. Be it voluntary or involuntary, this silent posture is a means of personal and group survival. In other words, these codes of silence are not only a sign of solidarity and virility, but also a defense mechanism against any and all outsiders (police or rival gangs). This is interesting because most of these groups begin, as Naylor pointed out, by preying on their host communities.

Therefore, it is the need to organize criminal trade that forces these groups to become organized. These groups are the identifiable outcome of the organization of forbidden trade (Van Duyne 1997: 203). In other words, organization promotes crime, and crime encourages organization. It is a viscous circle from which no group can escape if they hope to secure their wealth, and their freedom. However, these groups could not develop, let alone exist, without the support and/or silence of their home communities, the inaction or even actions of the state, as well as luck and circumstance.

(1994) “The Medellin Cartel: Why We Can’t Win the Drug War.” Studies in Conflict and Terrorism Vol.17: 328.

²⁸ The late anti-mafia judge, Giovanni Falcone, termed it the *mentalita omertosa*, the mentality of deliberate reticence. JAMIESON, Alison. (1993) “Giovanni Falcone-In Memoriam.” Studies in Conflict and Terrorism Vol.16: 307.

D) The Anti-State?

In order to successfully capture the symbiotic phase where the street meets the boardroom, we must go beyond Turbiville's traditional definition. The most useful definition is the one designed by the Bundeskriminalamt²⁹ which states that:

"Organized crime is the planned violation of the law for profit or to acquire power, which offenses are each, or together, of a major significance, and are carried out by more than two participants who cooperate within a division of labor for a long or undetermined timespan using: a) commercial or commercial-like structures, or b) violence or other means of intimidation, or c) influence on politics, media, public administration, justice and legitimate economy." (Van Duyne 1996: 343)

Two events truly cemented their presence in the *mezzogiorno*: the massive rural exodus and concomitant emigration toward the cities of North and South America, Australia, and Europe which started at the end of the 19th century; and the Second World War. *Cosa Nostra* was the principal beneficiary of these events, and its success spilled-over into the rest of the Southern Italy. Moreover, this emigration not only established large Italian and Sicilian colonies, which would subsequently be used as the foundation of its transnationalism, but allowed these organizations to enter into new economic fields such as the control of wholesale fruit and meat markets, gambling, and prostitution.

Because Mussolini had attempted to weed out this rival power center, *Cosa Nostra* went underground and positioned itself as the only viable (i.e. non-communist) anti-fascist organization in Sicily. As a result, the Americans approached Mafia representatives, such as the infamous Lucky Luciano, in order to gain their support for the planned Allied invasion of Sicily, as well as to secure a smooth transition after liberation. Consequently, according to Jamieson:

"The contribution made by Cosa Nostra, the Sicilian Mafia, to the success of the Allied landings in Sicily in 1943, is the first clear identification of criminal with institutional power in the post-war period." (Jamieson 1994: 2)

²⁹ BKA-the German Federal Crime-Intelligence Office.

Resurfacing after liberation, it was to assume the island's most important government positions. Again Jamieson points out:

"The assistance provided by Italian and Italo-American mafiosi to the relatively bloodless invasion of Sicily was rewarded by respect from the Allies, who consulted their native hosts on the most important issues of governance and law and order on the island." (Jamieson 1994: 2)

Cosa Nostra further rooted itself when, in 1947, Sicily became a self-governing autonomous region of the Italian Republic (Sterling 1990: 47), and with the advent of a political consensus to exclude the Communist Party from government coalitions. Not only did *Cosa Nostra* control key government positions from which it could meet out favors and pork, but it also held the political fortunes of the Christian Democrats in its hands. As was the case in the United States, machine politics were an important force; it could deliver votes. Sicily thus became Christian Democracy's fortress (Sterling, 1990: 299).

It is this relationship which explains why the Italian authorities had, until the recent murders of several high-ranking anti-Mafia judges³⁰, only paid lip service to combating corruption and the Mafia³¹. As Sterling stated:

"To dislodge the Mafia - just to try - was to touch the most delicate nerves in Italy's body politic." (Sterling, 1990: 298).

Basically *Cosa Nostra* guaranteed votes and funding to the Christian Democrats in exchange for patronage, public works projects and protection from judicial interference³². Moreover, in the post-war years while maintaining its rural economic activities, *Cosa*

³⁰ The two judges were Giovanni Falcone and Paolo Borsellino. Falcone was murdered along with his wife and three bodyguards on 23 May, 1992. Borsellino and his five bodyguards were killed on 19 July, 1992. Both assassinations were by remote-control bombs. See Jamieson 1993: 304, and MOODY, John. (1992) "Blowing Away the Law." *Time* August 3: 34-35.

³¹ The term Mafia is used in reference to Italy's five criminal organizations.

³² This included protection from prosecution, trial "adjustment" where superior courts would throw out convictions handed down by lower courts, early warnings of investigations, arrest warrants,

Nostra expanded into urban land speculation, construction, public works and services, smuggling (cigarettes, alcohol, narcotics), as well as the arms trade. Although we will deal with the latter shortly, the point here is that *Cosa Nostra* became intertwined with Italy's, and especially Sicily's political, economic, and bureaucratic establishment. This troika of mafiosi, politicians, and businessmen made a mockery of the law, the political process, and the rules of the marketplace. As the all-party Parliamentary Antimafia Commission pointed out, *Cosa Nostra* threatened or physically eliminated any and all potential challengers which jeopardized the troika's economic and political hegemony (Jamieson 1994: 3)

Thus for prosecutors, at the 1987 Maxitrial of more than 300 Mafiosi and several *mammasantissima*³³, *Cosa Nostra* had become "a state within a state, an antistate, with its own government, army, territory, rituals, moral code, and judicial order"(Sterling, 1990: 278). *Cosa Nostra*, however, has never positioned as an alternative state because, like other similar groups, it has a vested interest in the status quo, one that protected it and its wealth. They are not revolutionaries, but reactionaries. Hippies gradually found this out about the Hell's Angels, and so did Colombia's M-19 guerrillas. As a result of the latter's kidnapping of a member of the Ochoa family in 1982, the Big three Medellin families³⁴ not only formed the *Muerte a los Secuestradores* (Death to the kidnappers) paramilitary force which hunted down the M-19, but worked together at coordinating their activities (Filippone 1994: 325).

and police raids, as well as the transfer of meddlesome law enforcement officials. see Jamieson 1993.

³³ Holiest of Mothers'-Mafia jargon meaning the biggest of big bosses. see Sterling 1990: 278.

³⁴ They were lead by Pablo Escobar Gaviria, Jorge Luis Ochoa Vasquez, and Carlos Lehder Rivas. see Filippone 1994: 325.

However, this does not mean that they do not pose a danger to established states and nascent democracies. They are a political threat in that they undermine the rule of law and the legitimacy of democratic governments (Shelley, 1995: 468) as they attempt to influence local, regional, and national elections either through campaign financing and intimidation, or by founding their own political parties (Filippone, 1994: 336)³⁵. This can also be achieved by buying media outlets such as newspapers³⁶, radio and television stations. In Colombia, these outlets were used to sway public opinion against the government's intentions to sign an extradition treaty with the U.S. (Ehrenfeld, 1990: 94), as well as enhance their standing in the community. It is crucial to keep in mind that after wealth, what criminals seek is respectability and legitimacy. Crime may be a way of life, but it is also a queer ladder of social mobility for these businessmen.

They undermine the rule of law by corrupting public officials at every level, from border guards to Prime Ministers. It is also weakened by their use of intimidation, and assassinations of selected journalist, police officers, judges, political candidates, or any other leading figure who pose a threat to their activities. In Colombia the choice is between *plomo o plata*, lead or silver, death or money (Filippone, 1994: 338). The post-1989 toll has been heavy, as Colombia has so far lost four Presidential candidates, 12 Supreme court Judges, more than sixty judges, over 170 judicial employees, more than seventy journalists, and more than 1,000 police officers (Ehrenfeld, 1990: 86-87; and Medd & Goldstein, 1997: 84).

³⁵ For example Carlos Lehder's Latin Nationalist Movement won 12% of the vote and several seats in the 1984 regional elections. Filippone 1994: 336.

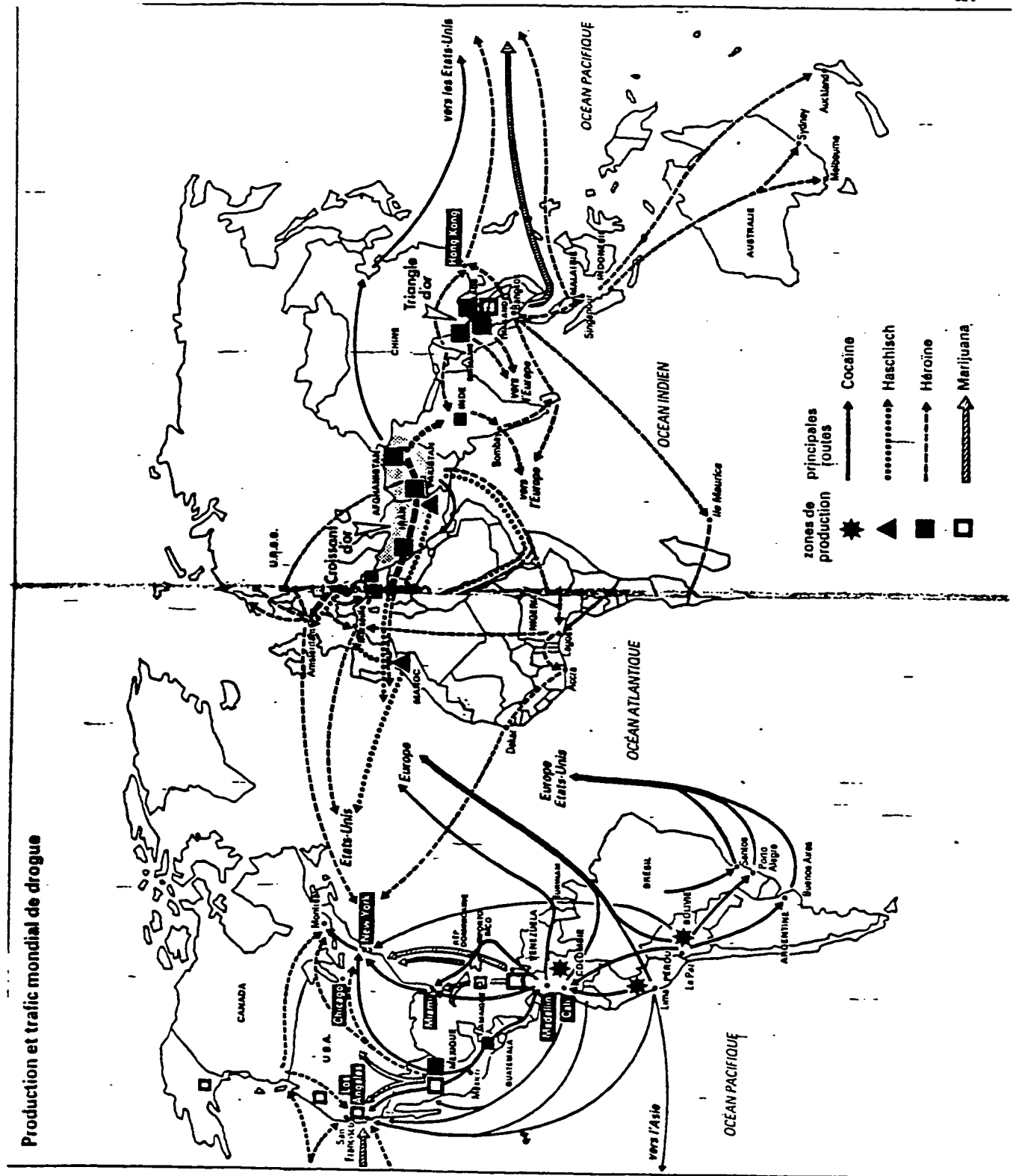
³⁶ Pablo Escobar founded and owned the Medellin Civico newspaper which was used as a forum for pro-cartel and pro-drug propaganda. Filippone 1994: 337.

Co-optation, intimidation, and elimination of media outlets and their personnel undermine freedom of the press and speech. Infiltration of labor unions “violates citizen labor rights”; their involvement in prostitution (adult and child), and the illegal smuggling of individuals “raises serious human rights concerns” (Shelley 1995: 468).

They are thus a very real threat to civil society and democratic governance, because by undermining the rule of law, they undermine all the rights that this system was established to protect. Without civil society, the market becomes a jungle ruled by the mafia, a mafia-cracy. Without civil society, to counterbalance the various institutions of the state, freedom becomes an empty shell, because freedom is freedom from interference and concentrations of arbitrary power (Gellner, 1994). But civil society is not only undermined by an attack on its institutions. Drug use is a financial and “emotional” drain on society in terms of health costs, loss of productivity, incarceration, distortions in resource allocations, and by fostering crime and violence (Griffith, 1994: 26)³⁷. The latter engender their own perverse effect as they encourage people to “reorient themselves to those units where protection may be more readily available” (Del Rosso 1995: 201). In other words, into vigilante groups and other types of self-defense organizations which may, in turn, further undermine the legitimacy and authority of the state.

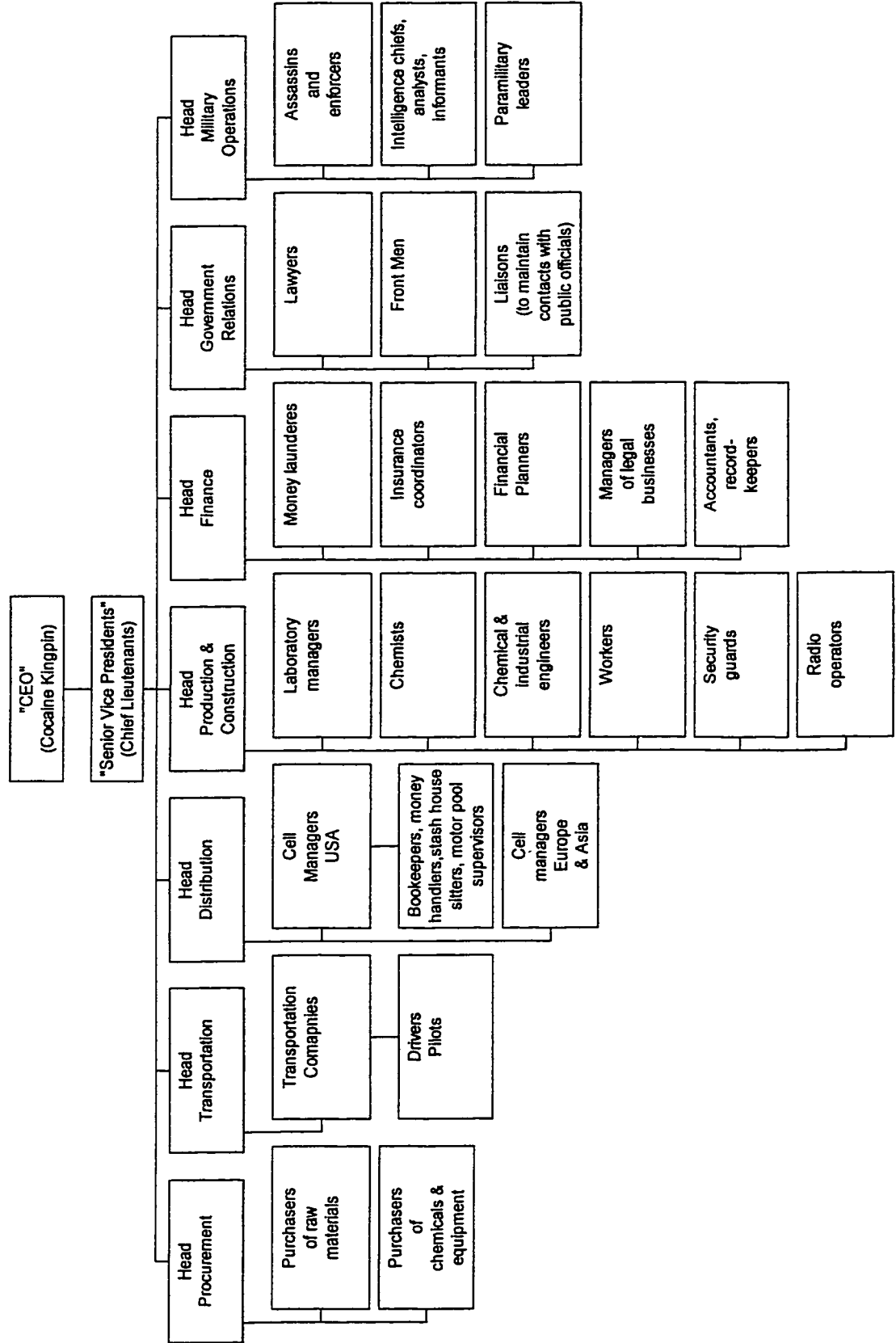
³⁷ For example the number of heroin addicts in the countries surrounding the Golden Triangle, and Crescent-Burma, China, India, Iran, Laos, Pakistan, and Thailand- has exploded. FALCO, Mathea. (1996) “US Drug Policy: Addicted to Failure.” Foreign Policy Spring: 127. see also Labrousse 1991; Myers 1996; and SEN, Sankar. (1991) “Heroin Trafficking in the Golden Triangle.” The Police Journal June: 241-248, and SEN (1992) “Heroin Trafficking in the Golden Crescent.” The Police Journal July: 251-256.

Map #1: Global Drug Production and Traffic³⁸
(Labrousse 1991: I-II)



³⁸ These routes are also used in the traffic of other contraband goods.

Figure 2: The Cocaine Trafficking Organizations as Corporation
(Lee 1992: 99)



E) Transnational Phase³⁹

“Drug trade⁴⁰ is by definition world trade” (Van Duyne 1996: 372-73), and its development has both altered the nature of organized crime and international politics. It has accentuated the transnational status of certain criminal organizations. Groups such as *Cosa Nostra*, the Colombian cocaine cartels, the Chinese Triads⁴¹, and the Japanese Yakusa have gone beyond exporting their industry (crime), to establishing worldwide networks where they link up with each other, guerrilla movements, legitimate businesses, and states. Thus transnational organized crime is more than a geographic extension of domestic crime, “it is crime by networks operating within a multinational arena, often with state support” (Martin & Romano, 1992: 5) (see Map #1).

Economic globalization and interdependence, made possible by the advent of fast and efficient international communications and transportation networks, have changed the context in which both legitimate and illegitimate business operate. For Williams, these transnational organized criminal groups behave and are structured (see Figure 1) more like multinational corporations (MNCs) than their fiercely territorial predecessors.

³⁹ This is one of the best examples of an organizations, in this case *Cosa Nostra*, worldwide links: Switzerland, West Germany, Spain, Greece, Great Britain, and Canada were among its staging areas and banking centers. France was once again a center of heroin production, this time under the Sicilian Mafia's management. Bulgaria and Yugoslavia were part of its lifeline. Lebanon, Syria, Iran, Pakistan, and Turkey were among its providers. Sri Lanka's Tamils were financing their insurgency by dealing heroin through the Mafia. Kenya was one of its meeting places. Guinea-Bissau was buying weapons and Mirage jets through a front company it ran on the Northern Italian coast (in partnership with right-wing terrorists). Vanuatu, Aruba, the Seychelles, Malta, the Dominican Republic, and Venezuela were its privileged sanctuaries. Even Katmandu, near the top of the Himalayas behind a range of inaccessible mountains, was found to have a ring of bent army officers and politicians in Palermo's pay. Sterling, 1990: 289

⁴⁰ The most important are heroin, cocaine, marijuana, hashish, and synthetic drugs such as methamphetamines.

⁴¹ On the history and global networks of the Triads, See: MYERS, Willard H. III (1996) “The Emerging Threat of Transnational Organized Crime from the East.” Crime, Law & Social Change 24: 181-222.

Like multinational corporations they view the world in terms of markets to be opened and conquered, disregard national borders, establish strategic alliances and trade with each other.

These alliances should not be interpreted as being symptomatic of a global criminal conspiracy. Rather, these alliances are based on economic considerations. Moreover, differing internal and criminal cultures impede the emergence of more integrated alliances.

Transnational criminal organizations have scattered their production facilities worldwide (outsourcing), they are mobile and versatile, they are taking advantage of the convergence of worldwide consumer tastes, and are constantly seeking new opportunities. The one difference between the two is that multinational corporations gain access to a market through consent, while organized crime gains it through circumvention (Williams, 1994: 101).

They take advantage of both international and internal borders to evade national law enforcement agencies. In other words, they utilize the jurisdictional and administrative divisions both within and without individual countries. One flagrant example is that of Pakistan where Afghan opium, hashish, and marijuana are smuggled through the bordering tribal states (Pamir or High-Badakhshan) where the central government has no authority (only on the highway) (OGD 1995: 241) (see Map #2).

Transnational criminal activities are not limited to drugs trafficking. Most criminal organizations are also involved in the arms trade, product piracy, prostitution,

Map # 2: Afghanistan, Pakistan & the Tribal States
(Labrousse 1991: 32)



pornography, as well as the smuggling of consumer goods, illegal immigrants, cultural artifacts, and precious commodities such as timber, gold, oil, gems, ivory, and diamonds. Not only are these activities linked, but they often follow the same smuggling routes and networks (refer to Map #1). Traditional operations⁴² have not, however, been abandoned..

Also, from this transnational phase emerges a new set of threats for there exists a tangible link between these crime networks, dirty money, and local/regional wars and conflicts (Labrousse, 1991: I). We may even be witnessing a shift away from traditional geopolitics to post-Cold War geonarcotics, where the narcotics phenomenon will have a direct impact upon the relations of conflict and cooperation among national and international actors (Griffith, 1994: 2).

This shift is exemplified by the temptation many governments have of militarizing the “drug war”. Consequently, the danger lies in excessive reliance upon the military for policing purposes. The military may eventually come to see itself as the sole guarantor of order and stability, and thus be tempted to move into the political arena (Griffith, 1994: 20). As Falco (1992) and Hargreaves (1992) also indicate, U.S. military actions (eradication teams, special operations training) in countries such as Bolivia have actually antagonized their governments and publics. Instead of curbing production, they have actually cemented the dependency of local peasants on drug cartels, and/or the guerrilla groups that operate in these regions. Falco explains this perverse effect:

“By supporting police and military antidrug operations abroad, our efforts often exacerbate human rights abuses and corruption among government officials we have enlisted to fight our drug war.

...for ten years, the United States had unwittingly encouraged the growth of the Shining Path by supporting crop eradication and police raids in rural areas where coca is the principal source of income. The Shining Path benefited from disgruntled farmers as well as offering protection for a price. At the same time, thousands of Peruvian officials also profited by protecting the traffickers.” (Falco, 1992: 6)

⁴² The most common are tax and insurance fraud, gambling, contraband smuggling such as cigarettes and alcohol, extortion, theft, counterfeiting, and racketeering.

Also, using the military to patrol external borders against drug smuggling may be a waste of money because it does not have the tools needed for such police operations. For instance, combat jets were never designed to track and intercept slow moving Cessnas, nor were their radars, which are unable to detect them. Moreover, the military runs the risk of getting involved in jurisdictional quarrels with other enforcement agencies, as well as exposing its troops to potential corruption. Therefore:

“The compromise of armed authority compromises agents of national security, with the consequences that their capability for effective action is undermined or destroyed, and individuals and groups in the society become inclined to resort to vigilante tactics because of the perception or reality of a diminished capacity.” (Griffith, 1994: 25)

This underscores a point missed by many policy-makers, which is that militaries are designed to protect the state from external threats while police forces maintain internal order. Only in emergencies are they ever called out into the nation’s streets.

Another potential danger is that these criminal groups dispose of the necessary means to buy themselves the best communications and transportation equipment, arms, instructors, and mercenaries⁴³. Moreover, some have established intelligence gathering services that are able to infiltrate various government ministries and agencies. This is on top of the information and aid they get through normal corruption and intimidation.

Drug production is also an environmental hazard, and may eventually impact the food security of certain producing states. For instance, they dump the noxious chemical cocktail of precursor chemicals⁴⁴ needed for refining heroin and cocaine, and the production of synthetic drugs without concern into the soil and water supply. Moreover,

⁴³ As early as 1988 the Medellin cartel had hired British and Israeli mercenaries as instructors. They procured advanced weaponry, including surface-to-air missiles. It has its own weapons production facilities, and planned to build a munitions factory. In terms of equipment, they had satellite radios, digital encryption devices, and voice privacy mechanisms. Filippone 1994: 340-341.

in poor countries, such as Bolivia and Peru, peasants are converting their croplands over to coca and marijuana production. And because of eradication efforts they tend to move higher into the mountains or deeper into the rainforest, and are therefore contributing to deforestation, which is linked to topsoil erosion, landslides and floods, contamination of water supplies, and species destruction. Furthermore, the food security of these countries is jeopardized as they lose cropland to drug cultivation, and become increasingly dependent upon food imports⁴⁵.

The efforts of law enforcement, although noble, seem frail and inadequate as they have yet to become transnational. Furthermore, they are often plagued: by jurisdictional quarrels between agencies; an over-emphasis on numbers (which is not conducive to intelligence gathering, and long-term investigations); the bureaucratic process and red tape; and sometimes over questions of glory and career advancement. These problems are magnified at the internal level where intra-agency rivalries exist, and where cooperation is lagging, and information sharing is not the norm.

Perhaps the most salient threat comes from transnational organized crime's involvement in the arms black market, and the world financial system where they interact with legitimate businesses, guerrilla groups, and governments.

⁴⁴ Refining cocaine requires: kerosene, sulfuric acid, acetone, and toluene. see Griffith 1994: 29.

F) Myer Lansky & Adnan Khashoggi

What distinguishes black market arms deals from other more legitimate deals are the covert methods used in the entire process. These black market transactions have five distinguishing features:

1. The demand for the product comes from a set of actors who can not or will not, for a multitude of possible reasons, try to meet their needs on the open market;
2. There exists supplier-imposed restrictions on the type and/or destination of the weapons being sought;
3. Clandestine methods must be employed to move the weapons from the supplier to the end-user in order to mask the identity of some or all of the participants;
4. A substantial part of the cost of doing business is related not so much to the physical acquisition of the material, as to the employment of the machinery of covert commerce to surreptitiously move the merchandise;
5. The accompanying flows of payment must be laundered to hide their underground origins and/or destination. (Naylor 1995: 5)

Since the 1980s, the black market in weapons has undergone a tremendous transformation as the number of buyers and suppliers has expanded. The rise in demand, especially since the collapse of the Soviet Union, has been linked to the increasing number of regional and informal wars. Therefore, those who are shopping for weapons on the black market are meaning to use them. The buyers include paramilitary groups, terrorist organizations, national liberation armies, as well as the militaries of states wishing to circumvent embargoes, and/or keep their procurements secret.

Increased supply is linked to both increased production, and the glut in second-hand stocks (Naylor 1995:12). Not only have traditional arms producers⁴⁵ increased their production, but new producers have also emerged especially in the former Soviet bloc where the weapons industry has become a crucial source of foreign exchange. Moreover,

⁴⁵ On the question of food security refer to Worldwatch Institute 1997, Chapter 2: 21-41.

⁴⁶ Countries such as the USA, Belgium, France, Israel and Italy.

traditional arms and mercenary centers such as Brussels and London are facing increased competition from four regional arms supermarkets: Bangkok, Beirut, Peshawar, and the former Soviet bloc (Naylor 1995: 17-18). In the first three we find either old war material or the shipment “leakage”⁴⁷ from former sponsoring governments, while in the latter we are witnessing a veritable fire sale. There is no longer one single market, rather:

“there has emerged a veritable underground economy consisting of a set of international black markets supported by their own sources of supply, their own systems of information, their own distribution networks and their own modes of financing.” (Naylor 1995: 20)

This has obviously undermined supply-side controls on the arms trade, as well as making world prices plummet as evidenced in Table 2.

Table 2: 1992 Prices on the ex-Soviet arms flea market
(Naylor 1995: 19)

AK-47	...\$ 30-40	T-72 tank	...\$ 1,000,000
Automatic pistols	...\$ 30-50	T-80U tank	...\$ 2,000,000
RPG launchers	...\$ 50-75	MIG-27	...\$ 16,000,000
Flame-throwers	...\$ 3,500	Zenith anti-aircraft System	...\$ 65,000,000
Light anti-aircraft missile launchers	...\$ 98,000		

The current situation has also undermined the traditional position of arms dealers, Adnan Kashoggi being the archetype, who were both knowledgeable and often tied to various intelligence services, to the benefit of “uncontrolled” traffickers who are just as adept in the drug trade. Consequently, many guerrilla and terrorist groups barter for their

⁴⁷ It has been estimated that between 65 and 80% of formal US shipments to the Afghan mujahideen never made it to the latter, or were sold by them on the Peshawar black market to Pakistani heroin smugglers, Sindhi dacoits, Sikh separatists, and Iran. Bangkok has supplied groups such as the Tamil Tigers, the Burmese Karens, and Khun Sa's forces from Burma's Shan-state. Beirut was used by the Croatian army to import heavy weapons such as helicopters, tanks and anti-aircraft missiles. NAYLOR, R.T. (1995) “Loose cannons: Covert commerce and underground finance in the modern arms black market.” Crime, Law & Social Change 22: 18; and Labrousse 1991: 19.

weapons in drugs, or even with contraband precious metals, diamonds, timber, oil or cultural artifacts. The drug trade has also been witness to the active participation of certain governments who use it to fund their clients and/or to undermine their foes⁴⁸.

Foreign governments, trying to maintain a position of “plausible deniability”, will either set up their own underground network, or plug into an existing one in order to funnel arms and other aid to their clients. The trouble is that either way they encourage crime and corruption. For example, the network established by Pakistan’s intelligence services, in order to funnel American weapons and aid to the Afghan mujahideen, was used to smuggle Afghan heroin out of the country. Moreover, much of the leakage of American weapons destined to the Afghan rebels fell into the hands of Pakistani intelligence which then either sold them on the black market, or funneled them to their clients in Indian Kashmir (Labrousse, 1991: 19).

The black market could not function, however, if it weren’t for the global financial and banking systems. It is important here that we do not confuse organized crime with white-collar crime for the latter seeks to “attain economic objectives in legitimate business by illegal means” (Paoli 1995: 347). In other words white-collar crime involves hot money, that is money which seeks primarily to avoid the taxman’s detection. Hot money is flight capital. Confusion comes from the fact that hot money uses the same facilities as does organized crime’s dirty money. They are both involved in peekaboo

⁴⁸ On the connection between Castro and the cartels see EHRENFELD, Rachel. (1990) Narco-Terrorism. New York: Basic Books; On the Iran-Contra Affair see Labrousse 1991; Naylor 1994; SCOTT, Peter Dale and Jonathan Marshall. (1991) Cocaine Politics-Drugs, Armies, and the CIA in Central America. Berkeley: University of California Press; on the Bulgaria/Turkish Mafia/Cosa Nostra connection see Sterling 1990.

finance which involves hiding the money's origin, and storing it in secure investments or bank accounts (Naylor 1994: 12).

Dirty money's quest for anonymity, and eventual legitimacy necessitates this cleaning or laundering. One means of accomplishing this is through the use of businesses with high cash flows such as restaurants, bars, supermarkets, car rental businesses, casinos, and foreign exchanges. Other "primitive" means include the smuggling of cash⁴⁹ with human mules or through courier services (FedEx, UPS, etc.). Another such mean are informal banking facilities, such as the Hawala system used by Indian and Pakistani guest workers in the Persian Gulf in order to send money back home, which leave no paper trails⁵⁰. Gold is another "primitive" method of laundering money because it is an anonymous tool of exchange, a good long-term savings instrument, and is also easy to liquidate. Moreover, Swiss banks have established gold accounts that are protected by secrecy laws, and where the pass-book is denominated in ounces of gold (Naylor 1996: 215-16).

At a more sophisticated level, pioneered by Myer Lansky, dirty money weaves its way through a series of shell/front/ghost single shareholder companies⁵¹, and bank accounts at the "flick of a switch", consequently leaving governments and law enforcement stuck in the Guttenberg Gulag (Naylor 1994: 12). But criminal organizations

⁴⁹ There have been several instances where diplomats, and even Cardinals have been used as mules. Williams gives the example of one New York-based operation which involved the honorary consul-general of Bulgaria, a New York city police officer, 2 lawyers, a stockbroker, an assistant banker in Citibank, 2 rabbis, a firefighter and 2 bankers in Zurich. See Williams 1997a.

⁵⁰ on these means of money laundering see NAYLOR, R.T. (1994) Hot Money and the Politics of Debt. Montreal, New York & London: Black Rose Books; Naylor 1994 & 1995; NAYLOR, R.T. (1996) "The underworld of Gold." Crime Law & Social Change 25; and WILLIAMS, Phil. (1997a) "Money Laundering." IASOC Criminal Organizations Vol. 10, No.4.

⁵¹ The most famous are Lichtenstein's *Anstalts*. These ghost companies can, however, be established anywhere around the globe.

do not have sufficient in-house capacities or even knowledge to successfully launder money this way. They must therefore recruit those with the needed expertise, which includes accountants, notaries, lawyers, and bankers who are profit hungry. Needless to say that, although the financial incentives are great, so to are the dangers for these experts do not have any means of violence at their disposal (Paoli 1995: 353)⁵². The danger aspect is especially salient if one considers the sums involved⁵³.

Their task has been made easier as increasing numbers of countries are establishing themselves as offshore banking and financial centers⁵⁴ with tight secrecy laws. In effect these offshore centers are deterritorialized for their activities do not fall under government scrutiny. Moreover, governments are reticent to cooperate with foreign and local law enforcement agencies because it undermines their sovereignty and their standing as a secure financial/banking center.

Moreover, many of the banks involved have become megabanks that “combine commercial and investment banking, commodity and foreign-exchange dealings, stockbroking and investment counseling within a single institution” (Naylor 1994: 231). This facilitates the reinsertion of laundered money into the legitimate

⁵² The Roberto Calvi/Banco Ambrosiano affair is a case in point. Not only was he a *Cosa Nostra* banker, but he also serviced part of the Italian establishment including many members of the Masonic *Propaganda 2* Lodge, and was tied to the Vatican Bank. See especially PAOLI, Letizia. (1995) “The Banco Ambrosiano case: An Investigation into the underestimation of the relations between organized and economic crime.” *Crime, Law & Society* 23; Naylor 1994; and Sterling 1991).

⁵³ Griffith estimates that between U.S. \$ 300 and \$ 500 billion. is laundered annually. Griffith 1993: 4. Recent estimates put worldwide revenues for transnational organized crime at U.S. \$ 1 trillion; moreover Triad revenues are said to be of U.S. \$ 200 billion or 40% of China’s GNP; and Merrill Lynch estimates that at least U.S. \$ 3 trillion-15% of world GNP- is located in a fiscal paradise. CHOSSUDOVSKY, Michel. (1996) “Comment les mafias gangrènent l’économie mondiale.” *Le Monde Diplomatique* Décembre: 24-25.

⁵⁴ Traditional centers are Switzerland, Lichtenstein, the Channel Islands, Andorra, the Dutch Antilles, the Cayman Islands, the Bahamas, Uruguay, Cyprus, Luxemburg, and the USA. Newer centers include Panama, several Carribean islands, Vanuatu, the Cook Islands, and Mauritius.

economy where it is reinvested in commodities, precious metals, casinos, real estate, government treasury bills, stocks and bonds, as well as other criminal ventures.

Basically what launderers do is obscure the money's origins through numerous cross-border transfers, and under volumes of fictitious paperwork. Laundering may, in point of fact, become even easier with the advent of cyber-money, and the multiplication of monetary instruments. In other words, the possibilities are limited only by the perpetrator's imagination and ingenuity.

Although some have argued that this laundered money has a multiplier effect, it would seem that it has the opposite effect as it eases capital flight. The major result is the drying up of local capital markets, thus creating a local credit squeeze. Consequently, businesses are eager for capital and will often find it with organized criminal groups. Moreover, this capital flight increases a country's foreign debt as it lowers its foreign exchange reserves. This is the double-whammy effect

"In effect, the country incurred an *increase* in its foreign indebtedness through the very act of exporting hard currency. And 'repaying' the loan doubled the drain on its foreign-exchange resources." (Naylor 1994: 28)

And even when the multiplier effect occurs, it creates inflation. Therefore, by eliminating exchange controls, the IMF's sound money policies and shock therapies are actually contributing to capital flight as well as facilitating money laundering. And as government revenues fall, the tax burden, on those not clever enough or without the means of entering the world of peekaboo finance, increases. Government's are not only unable to maintain a certain level of the welfare state, but they also come to borrow this laundered dirty money on the international capital market. Thus, government debts can be

Chossudovsky 1996: 24; and Naylor 1994.

financed with dirty money. As Leoluca Orlando, the Mayor of Palermo, stated in reference to organized crime's buying of government T-bills: It was 'buying the Italian state piece by piece.' (Sterling, 1990: 298)

But governments should not be seen as victims. Just as Sassen pointed out that globalization was the result of official governmental policies, so it is with the activities of transnational criminal organizations. For instance, the drug trade would be made more difficult if ships could not be registered in countries such as Panama and Liberia where state controls are minimal or non-existent. Moreover, the creation of offshore financial centers is the result of policy decisions. If these centers did not exist, money laundering would be much more difficult. We also see that these criminal activities could not take place if not for the participation of upperworld, be it bankers or chemical producers.

Transnational criminal organizations are globalization's perverse effect. And like any society, global society has its criminals. It is no surprise that these criminals also inhabit Sassen's global cities, to which we can now add cities such as Moscow and St. Petersburg, as well as the numerous offshore financial centers, as well as certain regional contraband hubs such as Dubai, Bangkok, Macao, and Vaduz.

Having drawn attention to the international dimension of internal security, transnational organized crime should be considered as a threat by strong and weak states alike.

They are a traditional military threat in the sense that they can take control over certain portions of national territory. In several ways they de-territorialize the state by turning certain regions, city districts, ports, airports, prisons or even cities into fiefdoms from which they exact tributes, and where they become the law.

They can also use their criminal proceeds to fund and arm terrorist groups and national liberation armies. Such is the case with German-based Kurdish heroin traffickers who fund and arm the PKK (Kurdish Workers Party) which is currently involved in a bloody conflict with the Turkish armed forces. Croatian and Kosovo Albanian groups have mirrored their Kurdish counterparts. The Lebanese civil war was also largely funded and fueled in this way. They may also aid rogue or embargoed states in the procurement of weapons and spare parts, or may act as intermediaries between legitimate firms (such as chemical producers) and these states.

They are a non-traditional threat in several ways. Even if they are not overtly political, their involvement in the arms and drugs trades serve to fuel these regional conflicts and wars. Drug cultivation carries heavy environmental consequences. Drug use and abuse carry with them heavy societal and economic costs in terms of rising rates of crime, which lead to higher insurance rates for individuals, and increased fear of crime. It is also a drain on the resources of the penal, legal, and law enforcement systems. It also lowers worker productivity, increases the incidence of job-related accidents, and diverts resources into non-productive purposes.

But it is through the corruption and intimidation of groups and institutions that oppose them that they truly make their presence felt, and in some ways reverse the balance of power in their favor. As was the case with the two anti-mafia judges, Falcone and Borsellino, they became the hunted. Transnational organized criminal groups undermine the foundations and the functioning of civil society and the democratic polity. They threaten the idea of the state and all that it entails. As Dziedzic concludes:

“Even though this challenge to security is not manifested in a traditional manner, the consequences can be equally severe.” (Dziedzic 1989: 534)

Chapter Five: The New Russia

Russia is a country with an unpredictable past

Yuri Afanasiev, May 1993

(Matlock 1995: 3)

Eternal Russia, this Third Rome successor to both the Kievan and Byzantine Empires, is not only a powerful myth (Keenan 1994: 20-21) but it also masks the fact that the modern Russian state is but seven years old. For the first time in their history, the Russian people are not part of a Eurasian empire, but have a nation-state in which they are the overwhelming majority⁵⁵. In spite of its youth, the Russian state has so far been unable to contend with the dysfunctions bequeathed to it by the Soviet and czarist Empires.

The one constant running through Russian history is the principle of autocracy. By eliminating all other state structures as potential rivals, the metropole nurtured a certain type of consciousness conducive to both deviance and criminality (Rawlinson 1997: 33). This “beat the system attitude”⁵⁶ was espoused by officials and the people as a defense or survival mechanism against an excessively centralized and arbitrary system of rule.

We will see that not only was it a contributing factor to the Soviet Union’s collapse, but that it was also exacerbated as a consequence of the political, economic and social *bespredel* (turmoil, disorder) unleashed in its wake.

⁵⁵ Hélène Carrère d’Encausse . La Russie post-communiste, puissance ou déclin? . **L’Ombre et la Lumière**, Trente-et-unième Conférence Augustin-Frigon, Université de Montréal. Montréal, Québec, October 29, 1997.

⁵⁶ on this see ROSNER, Lydia S. (1986) The Soviet Way of Crime. South Hadley, Mass.: Bergin & Garvey Publishers, Inc.

A) Pillars of Power

The disintegration of the Soviet Union, in August 1991, was initially met with disbelief and utter surprise. Subsequent analyses would seem to indicate that this turn of events was inevitable because of:

“economic stagnation and consumer deprivation, deeply eroded commitment to official ideology and the growth of widespread cynicism, the corruption and weakening of the apparatus of rule, and the gradual enlargement of autonomous, self-organized spheres of social and intellectual life.” (Walder 1994: 297)

To this list we could also add the demoralizing impact of the war in Afghanistan, the arms race with the U.S., the rising tide of nationalism throughout the Soviet Union, and its changing demography⁵⁷.

It is difficult, however, to establish a causal link between these dysfunctions and the collapse of the Soviet Union. That is not say that their accumulated effects did not contribute to the collapse, rather that they were not the central causes. Had they been pivotal, the Soviet Union would have collapsed decades earlier.

Rather, it would seem that the political and economic reforms initiated by Gorbachev undermined the two institutional pillars that maintained the Union: the Communist Party of the Soviet Union (CPSU), and the central planning of the economy. Once their hegemony was undermined, the system’s major contradictions came to the fore and accelerated the disintegration. As Walder has pointed out:

“Just as departures from Leninist party principles - in the form of organized opposition within the party and without - would lead to extensive political change in these regimes, so would departures from central planning, by weakening the party’s control over property and opportunity.” (Walder 1994: 299)

⁵⁷ This imbalance was due to the demographic expansion of the Central Asian and Caucasian Muslim populations and the demographic stagnation of the Russian and Slavic populations. see CARRÈRE d'ENCAUSSE, Hélène. (1980) Decline of an Empire. Trans. Martin Sokolinsky and Henry A. La Farge. New York: Newsweek Books; and KENNEDY, Paul. (1993) Preparing for the Twenty-First Century. New York: HarperPerennial. 242-247.

The CPSU and all other Soviet organizations were guided by the Leninist concept of democratic centralism⁵⁸, which sought to reconcile democratic practice with effective central control. Democratic centralism's dominant tenets⁵⁹ were: strict party discipline and subordination of the minority to the majority, as well as the binding nature of decisions of higher bodies on lower bodies (Holmes 1997: 136). The concentration of power at the top was facilitated as popular accountability was marginalized.

This concentration of power was compounded by the anti-factionalism rules that made anathema to Marxist-Leninist principles the existence of factions within the Party. Combined, these two concepts guaranteed the effectiveness of vertical lines of leadership and communication both within the Party and the state, while crippling any horizontal links between state organs and individuals.

These two pillars were undergirded by the bureaucratic coordination of production, and by a system of incentives (Skidelsky 1996: 99). Consequently, the Soviet system required the existence of large numbers of qualified and loyal cadres to fill the bureaucratic ranks. Thus emerged the *nomenklatura* system in which the CPSU assumed a dominant role. The Party established two lists, one of positions to be filled, and another of "suitable candidates". It therefore ensured the loyalty of both the cadre, and his/her organization. Basically, this was a vast system of patronage, a Party established pecking order. Appointments were unduly politicized, as one's position in the *nomenklatura* was a source of status, power, privilege, and wealth.

⁵⁸ For a full exploration of the concept see especially WALLER, M. (1981) Democratic Centralism. Manchester: Manchester University Press.

⁵⁹ The others are the electivity of all leading party organs, from the lowest to the highest, and periodic reports of party organs to the party organizations and to higher organs. HOLMES, Leslie. (1997) Post-Communism. Cambridge: Polity Press. 136.

Central planning of the economy followed the same patterns, and ensured the Party's property rights over all state assets. Added to these monitoring and sanctioning capacities, the Soviet state maintained an anti-factionalism policy in the economic realm. It divided investment and production facilities according to a political rationale. As with its cultural and nationalities policies, Moscow sought to prevent regional cooperation and consolidation, which could undermine its rule (Matlock 1995: 36).

These two mutually reinforcing pillars of Soviet power made people dependent on the state and Party for their economic survival and career advancement, while central planning made the periphery beholden to Moscow for economic development and revenues. In return the CPSU and Moscow received high levels of compliance and discipline from citizens and state organs alike.

B) Gorbachev' Contradictions

Chosen to succeed the deceased Konstantin Chernenko as CPSU General Secretary, in March 1985, Mikhail Sergeyevich Gorbachev took the helm of the Soviet Union. Gorbachev was not a revolutionary, and as such sought to reform a Soviet system that had been thoroughly corrupted under Brezhnev's leadership. For Gorbachev, the Soviet system was sick, not dying. Following in the footsteps of his mentor, Yuri Andropov, Gorbachev thought that with economic reforms, and consequent economic growth, all of the Union's problems would be smoothed over (Linz & Stepan 1996: 367).

These regime and Party led reforms were meant to eliminate the obvious and flagrant contradictions between the official ideology's statements and the reality of life in the Soviet Union. As the Kehayans pointed out, Soviet citizens were just as attached to

material wealth as Westerners, and were well aware of the economic disparities which separated them (Kehayan & Kehayan 1978: 198).

Nevertheless, it is important to point out that it is a neo-liberal fantasy to claim that the centrally planned economy never worked (Szelenyi & Szelenyi 1994: 213), but it is evident that Soviet industry was unable to make the transition from Stalinist heavy industry to a modern consumer economy. Moreover, an argument could be made that Gorbachev's reforms were inspired, or at least influenced by the various reform programs launched in Poland and Hungary ever since the death of Stalin.

Perestroika was introduced in 1987, and was meant to act as Lenin's New Economic Program had in the 1920s. *Glasnost*, also launched in 1987, sought to breathe new life into the Soviet polity by making it more transparent, and accountable. Both initiatives sought to undo Brezhnev's legacy of widespread cynicism, economic stagnation, cronyism, and rampant corruption. What it did, however, was open Pandora's Box.

As we saw in an earlier section on imperial collapse, corruption and dissatisfaction from within added to, or combined with military threats and/or defeats have done in most empires. The same processes were at work in the Soviet case, albeit with one major exception: the Soviet empire expired quietly with little or no bloodshed.

Economic reforms were direly needed because the Soviet Union, and its East European satellites, were falling behind in the Third Industrial Revolution (Szelenyi & Szelenyi 1994: 223-24). This was primarily due to the fact that they were burdened with a dual economy in which only military industries showed any dynamism, and technological innovation. In other words, they had fallen behind in terms of high-technology, which had

ushered in the West's post-industrial age. Their consumer and industrial products could not compete with those of the West for they were generally of poor quality, and taste.

This technological lag was accentuated by Reagan's acceleration of the arms race. Gorbachev soon realized that the civilian economy needed to be revitalized in order to sustain military competitiveness. Also:

““Star Wars” also hit the Russians where they were the most vulnerable: they had already developed an inferiority feeling concerning “high-tech” and now suddenly they were confronted with the science-fiction imagery of laser-weapons in space shooting down Soviet missiles. From Andropov to Gorbachev, the major reason for initiating domestic change may have been increased military competition and the Star Wars scare.” (Szelenyi & Szelenyi 1994: 225)

Economic reforms were also needed in order to halt the growth of the second or black economy, which effectively undermined the power and importance of central planning by severing the dependent relationships in which it was anchored. They were also required in order to re-motivate a workforce that often shirked its responsibilities. Stealing, working slowly, and being drunk on the job were rampant, and reflected the general saying: “They pretend to pay us, we pretend to work”⁶⁰.

The 1985 anti-alcohol campaign was thought to be one way of dealing with these workplace problems. Alcohol production was dramatically reduced, and vineyards were plowed under. This may have been one of the regime's biggest mistakes. People increasingly turned to drugs such as marijuana, hashish, heroin, or synthetic drugs. They also found alternative sources of alcohol either by brewing their own alcohol, by imbibing anything containing alcohol such as perfumes and household cleaning agents, or by procuring it on the black market. What the anti-alcohol campaign did was to help create underground production and smuggling routes that were to be subsequently used in the

⁶⁰ Unknown source, although many variations of it can be heard throughout the former Soviet bloc.

post-Soviet era. Although alcoholism was and continues to be a significant social problem in Russia, Gorbachev, the son of a teetotaler⁶¹, ignored the fact that vodka and drinking are an intrinsic part of the Russian identity⁶². Alcohol was the great unifier of people (Kehayan & Kehayan 1978), and drinking was often the only recreation available to citizens.

Apart from this, two more important and interconnected hurdles stymied Gorbachev's reform movement. Brezhnev's reign (1964-82) saw corruption reach the highest levels⁶³ of power where a system of mutual favors dominated, and where:

"Communist leaders in a number of republics managed to develop local "mafias" under the cover of the Communist Party. As long as they kept their superiors in Moscow happy with frequent gifts and favors and submitted to Moscow's political and economic dictates, they were allowed to develop networks of supporters who fed off state largesse." (Matlock 1995: 42)

Not only was the true state of the economy masked under layers of doctored statistics, but this system allowed certain Republics to nationalize or indigenize their party, economic levers and state apparatus. The Russian/Slavic hegemony was eroding in most of the Union's Republics. These national elites were consequently able to create embryonic states, or power centers which could resist Moscow as well as lay the foundations of successor states. As Skidelsky points out:

"Like the Roman state, the Soviet state lost to its territorial magnates its ability to appropriate a declining surplus." (Skidelsky 1995: 97)

Glasnost accelerated this indigenization because it fostered the revival of cultural, religious, political and environmental groups that came out from the shadows and gulags.

⁶¹ On Gorbachev's family and formative years, see: SMITH, Hedrick. (1990) The New Russians. New York: Random House: 31-56.

⁶² Prince Vladimir of Kiev is said to have adopted Christianity instead of Islam as the state religion because he did not believe that his subjects could live without strong drink. MATLOCK, Jack F. Jr. (1995) Autopsy on an Empire. New York: Random House. P.58.

All the old and new grievances against the Soviet state were now being aired, from Stalin's deportations of Crimean Tatars and Chechens to Central Asia, to the catastrophic environmental legacy of Soviet industrialism⁶⁴. It also allowed for local rivalries to resurface, the seeds of which had often been planted by the Soviet authorities. One example is the armed conflict that broke out, in 1988, between Armenia and Azerbaijan over the disputed territory of Nagorno-Karabakh. This Armenian enclave, located within Azerbaijan, was given to the latter by Stalin in an effort to create nationalities problems in every Republic thus weakening them, and rendering them unable to oppose Moscow's rule.

But the Soviet constitution had enshrined the federative and voluntary nature of the Union, and many titular nationalities (Republics) and minorities (regions and territories) were now seeking the rights and powers that it granted them. Gorbachev did not know how to deal with these rumblings for he maintained his Leninist convictions, and the belief that a New Soviet Man (national in form, socialist in content) had been created. It also blinded him to the fact that the three Slavic Republics⁶⁵ had joined the chorus. Russians were now able to voice their own dissatisfaction with the experiment, which had actually enslaved them as it attempted to snuff out its traditional values, and identity⁶⁶. Russians had made the revolution, they had fought and died for the Union, and shared their wealth with the other, ungrateful, nationalities (Kehayan & Kehayan 1978:

⁶³ For an excellent survey of Brezhnev era corruption see CLARK, William A. (1993) Crime and Punishment in Soviet Officialdom - Combating Corruption in the Political Elite, 1965-1990. Armonk, New York: M.E. Sharpe

⁶⁴ On this see especially: FESHBACH, Murray, and Alfred Friendly, Jr. (1992) Ecocide in the USSR: Health and Nature under Siege. New York: Basic Books.

⁶⁵ Russia, Belarus and Ukraine.

⁶⁶ This is a recurring theme in Solzhenitsyn's works.

133). Consequently, many were voicing their desire to shed the Balts, Central Asians, and Caucasians so as to make Russia stronger.

1990 was a watershed year for the Soviet Union as the Baltic Republics, Georgia and Armenia seized their independence (Skidelsky 1996: 115) while many territorial units⁶⁷ declared their sovereignty. It also saw the legalization of private businesses and the hiring of labor, as well as the creation of private farms, commercial banks, and a private commodities market.

The beginning of the end came , on 7 February 1990, as Article Six of the Constitution, which consecrated the CPSU's leading role, was repealed. Combined with elections at the Republic level⁶⁸, the Party's monopoly of power was shattered.

Thus re-emerged Boris Yeltsin at the helm of Democratic Russia to challenge what power was left in the Kremlin. The failed August 1991 coup, by Soviet hard-liners, was the final nail in the coffin of the Soviet Union. The disintegration was officialized, on 8 December, as Kravchuk (Ukraine), Shushkevich (Belarus), and Yeltsin (Russia) agreed to end the Union, and go it alone (Sidelsky 1996: 115).

The new Russia would be born on Christmas Day, 1991, as Gorbachev resigned as Soviet President, and the Russian tricolor, replacing the Hammer and Sickle, was hoisted over the Kremlin. To his credit, Gorbachev never considered the possibility of a violent crackdown in order to preserve the Union. That is why the Soviet Union, Europe's last great empire, quietly expired.

⁶⁷ The Soviet Union consisted of 15 Republics, of which 10 were divided into 124 Oblasts (regions), 5 Krays (Territories), 20 Autonomous Soviet Socialist Republics, and 9 Autonomous Oblasts. Soviet Union. Map. Washington D.C.: National Geographic Magazine, March 1990.

⁶⁸ This was another mistake made by Gorbachev for these types of elections have disintegrative consequences. If Gorbachev had held all-Union elections, the outcome may have been different.

The collapse of the Soviet Union and communism was not inevitable, rather:

“it was the result of the interaction of several factors, endogenous and exogenous, which happened to be present almost by accident at the same time and at the same place.” (Szelenyi & Szelenyi 1994: 221)

C) Yeltsin and the New Russia

The Russian transition to democracy and a free market was hampered in two ways⁶⁹. The first was the speed at which the Soviet Union disintegrated that did not allow Russia's democratic forces to cement their position (Linz & Stepan 1996: 387). The second is that Yeltsin failed to build new state structures.

The power and authority of Boris Yeltsin, President of the Russian Federation, was unrivaled in the wake of the failed August coup (McFaul 1995: 226). Yeltsin had slain the Soviet Beast, and freed Russia from Soviet domination just as Ivan III had done in the 15th century by throwing off the Tatar yoke (Keenan 1994: 21).

Yeltsin's failure to build new, and democratic state institutions was linked to his desire to avoid repeating the mistakes Gorbachev had made. It was his preoccupation with politics, and neglect of the economy that Yeltsin deemed to have been Gorbachev's failure (McFaul 1995: 226). Consequently, Yeltsin did not seek to write a new constitution, hold elections, build a political party, or eliminate Soviet holdover political institutions such as the Congress of People's Deputies. Both he and the democrats believed he could carry Russia on his charismatic shoulders (Linz & Stepan 1996: 393), thus underscoring the fact that the presidency is deeply rooted in czarist traditions (Shevtsova 1997: 85). Therefore, Yeltsin did not appreciate the fact that:

LINZ, Juan J., and Alfred Stepan. (1996) Problems of Democratic Transition and Consolidation. Baltimore and London: The Johns Hopkins University Press. 367.

⁶⁹ This was the case in most all of the former Soviet Republics except for the Baltic states.

“states designed to support and be supported by one form of socioeconomic system do not have the capability to first create and then sustain a new socioeconomic order.” (McFaul 1995: 217)

Yeltsin thus needed to rebuild the Russian state, which was already weak at the time, in order to bring his economic reforms to fruition. It is therefore a mistake to posit that state intervention is not needed for economic transitions to be successful. The opposite is true, for weak states cannot implement policies which “challenge the preferences and undermines the interests of leading social interest groups (McFaul 1995: 215). Consequently, Yeltsin should have set about to create some form of popular legitimacy for his new regime through elections, because strong states are built on legitimacy (Linz & Stepan 1996: 390), and then implemented economic reforms.

Because this was not done, Yeltsin’s economic reforms have continuously been stymied by a variety of political, societal, and economic actors. This is caused by Russia’s hybrid system that straddles the line between democracy, and Soviet authoritarianism. Not only has the New Russia kept the Soviet Union’s federative facade, its bureaucracy, and the traditional opaqueness of the Kremlin (Shevtsova 1997: 83), but has also failed to establish strong political parties, and come to an understanding over a clear separation of powers. As a result, political battles are being waged on two fronts: in the corridors of the Kremlin, and in Parliament.

The power struggle between the President and the Congress of People’s Deputies, from 1991 to October 1994, brought the work of government to a standstill as the latter effectively blocked executive initiatives, constrained ministerial power, and passed laws contradicting Presidential decrees (McFaul 1995: 226). The Congress sought to undermine Yeltsin and his economic reforms in order to protect the interests and property rights of Brezhnev’s mafias (enterprise managers and regional authorities) which were

threatened by both. As a result, Moscow progressively lost its tenuous hold over the regions which solidified their position vis-à-vis Moscow. The conflict further weakened the central state, and exacerbated its problem of stateness.

Coinciding with this battle for Moscow several non-Russian regions, Tatarstan and Chechnya, declared their independence (March 1992). Several other Russian Oblasts declared their independence from the Russian Federation, and threatened to mint their own currency (McFaul 1995: 227). The Russian Federation continues to be undermined by these questions (see Map #3).

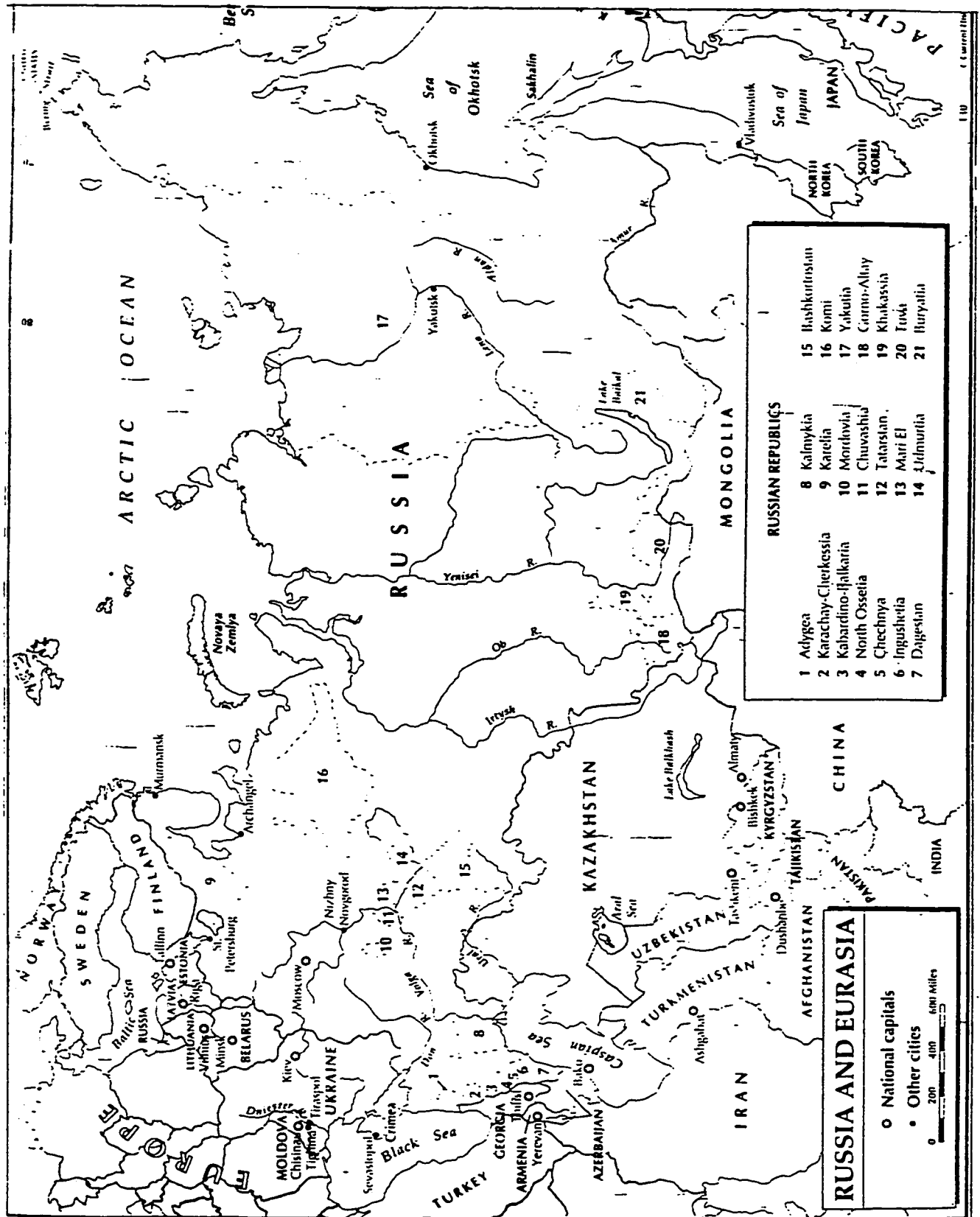
The struggle with the Congress finally erupted into armed conflict on 4 October 1993, and Yeltsin justified the military assault on the Congress⁷⁰ by saying:

“In the last few months Russia has been going through a deep crisis of statehood. All political institutions and politicians have been involved in a futile and senseless struggle aimed at destruction. A direct effect of this is the loss of authority of state power as a whole....[I]n these conditions...it is impossible to carry out complex reforms.” (McFaul 1995: 228)

Soon after, a new constitution was adopted, and general elections for a new State Duma (Lower House) and Federation Council (Upper Chamber) and a presidential plebiscite were held in December of that same year. Although the Congress of People's Deputies had been eliminated, the reformist agenda was stalled as the former Communists and ultra-nationalists, both hostile to economic reforms, took the majority of seats in both Houses. Since that time both groups have gotten involved in the new structures, and have come to grudgingly accept the new rules of the political and

⁷⁰ Also known as the Russian White House.

Map #3: Russia
(Keenan 1994: I)



economic game (Shevtsova 1997: 84).

But nothing has changed within the Kremlin where intrigue and factionalism dominate. As was the case in the Soviet era, the rigid surface of Russian politics gives way to an informal system of checks and balances within Kremlin walls. Presidential power is constrained by a number of interests and clans. It has been further eroded by an incoherent mechanism for decision making, the progressive devolution of power to the regions, and by “factions in the apparatus - some of them corrupt - that are unable to serve as effective instruments of governance” (Shevtsova 1997: 86). The clans are:

“the financial and merchant capital groups; the commodity groups; the agrarians; the military-industrial complex; the so-called power ministries [Foreign Affairs, Defense, Interior, Federal Counter-Intelligence Service, and the Federal Security Service]; the federal bureaucracy; the Moscow group under Mayor Yury Luzhkov; and the regional elites in the Ural region, West Siberia and the Far East.” (Shevtsova 1997: 86)

This underscores the fact that the Russian elite has not changed. There has been no turnover, and as a consequence the habits of the Soviet era have yet to be lost for the governing elite does not overtly seek popular support, but “continues to depend too heavily on administrative controls” (Shevtsova 1997: 87). Moreover, these behind the scenes politics foster corruption, and further alienate a population which has suffered great hardships since the collapse of the Soviet Union. It is therefore not enough that these interests are articulated, and that we find people of every political hue within the bureaucracy. Both will have to be articulated in the form of political parties so as to make the decision-making process more transparent.

The privatization process reflects this political dynamic in that those who have most profited from it are enterprise managers and regional leaders. It has not, however, altered their behavior in that they continue to reap the benefits of property rights, without

bearing the full risks and responsibilities of ownership. This confirms Weisskopf prediction that:

“The vast majority of state enterprises will become neither conventional capitalist firms nor worker-controlled enterprises in the foreseeable future. Instead, they will be transformed into joint-stock companies owned by some combination of insiders, outsiders and government agencies...” (Weisskopf 1994: 38)

In effect, many large-scale enterprises continue to be heavily subsidized by the state, and is evidenced by the government’s successive soft budgets. Privatization has, in point of fact been perverted. The insiders Weisskopf referred to are enterprise managers and regional political leaders, and the outsiders are members of organized crime. These enterprises are not seeking profits, rather they seek to ensure the job security of workers and managers alike, and sustain their profiteering. Moreover, this type of insider ownership impedes efforts at unbundling and restructuring, while frightening potential investors.

This also underscores the fact that politics, economics, and possibly crime have merged. This is also evidenced by the Group of Seven’s⁷¹ involvement in Yeltsin’s 1996 re-election campaign, and their subsequent inclusion in his cabinet. It also indicates that powerful monopolies and oligopolies, which tend to squeeze out small and medium-sized competitors, are increasingly dominating Russian industry. Furthermore, capital is sectorally concentrated, principally in trade, services, banking, and the export of raw materials (McFaul 1997: 81). Capital is also largely concentrated in Moscow and St. Petersburg whose wealth has yet to trickle down into the regions

⁷¹ They are: Berezovsky (car dealer and head of an information empire), Potanin, now deputy PM (previously president of Oneximbank), Vladimir Gusinsky (Most banking and media group), Mikhail Khodorkovsky (Menatep bank and oil empire), Petr Aven and Mikhail Friedman (Alfa Bank) and Alexandr Smolensky (Stolichiny Bank). SHEVTSOVA, Lilia. (1997) “Dilemmas of Post-Communist Russia.” Security Dialogue March, Vol.28(1): 96.

Russia's transition has been erratic and difficult because of the weakness of the central state. It has, however, been relatively stable because of this weakness, as well as the passivity of society, and the absence of an alternative elite. It is important, however, to reiterate the fact that Russia is a very young state, and that the current "chaos" in which wealth and power are being redistributed, in some way, will eventually stabilize and give birth to a new state and federation.

On the other hand, Yeltsin's experiment may just be an interlude, and eventually give way to a new form of authoritarianism in which a troika of political, economic, and criminal power coalesces to create a more powerful and centralized state as they are creating the institutions of civil society.

D) Pugachev's Heirs

The specificity of Russian organized crime is principally due to two factors: the country's criminal traditions, and concepts of property developed under the Czars and Soviets. Overarching these two factors is the fact that the one constant running throughout Russian is the principle of autocracy (Rawlinson 1997: 33).

Until the Bolshevik Revolution, Russian society was overwhelmingly rural and peasant⁷², and deeply divided between peasants and landowners. This was compounded by an autocratic system of rule that centralized powers in such a manner that all other institutions, such as the judicial system, were marginal and weak. Furthermore, because tenure was tenuous, it fostered an environment in which sycophancy, and corruption were endemic (Rawlinson 1997: 33). Also, in view of the weakness and smallness of the

⁷² Serfs were not emancipated until 1861. VERNADSKY, George. (1961) A History of Russia. New York: Bantam Books. 253.

middle class, it could not bridge or temper the deep divisions within society, which were reflected in the peasants' notions of property and crime. Thus, what did not belong to the peasant or the commune was open to theft and plunder, especially if it was the property of the landlord or the Czar. As Chalidze points out:

"The traditional Russian attitude toward property, a tangled combination of dreams, superstitions, and relics of customary law, led to an inconsistent approach to professional criminals on the part of the people." (Chalidze 1977: 7)

Consequently, petty criminals were summarily dealt with by the peasants who often resorted to vigilante justice. Social bandits, such as Stenka Razin and Emeleyan Pugachev⁷³, however met with popular approval and support. As Chalidze indicates, it was these social bandits' *artels*⁷⁴ which laid the foundations of the professional underworld, of the *vorovskoi mir* (Thieves Society or Thieves World).

The Bolsheviks emulated its internal structure (cohesion, discipline, leadership, and secrecy) and activities (robberies and kidnappings), as well as encouraged social banditry among the peasantry in order to fund, fuel, and consolidate their revolution. The latter was also used as a means of destroying the Kulaks, propertied peasants, who stood in the way of collectivization (Chalidze 1977: 24-26). In other words, the Bolsheviks attempted to harness and revolutionize bandits and criminals.

Soon after their seizing of power, the Bolsheviks faced a wave of anti-revolutionary banditism, allied with the Whites in the civil war, which was to plague the

⁷³ Emilian Pugachev is the most famous of Russia's social bandits. He led a popular, and Cossack revolt (1773-75) throughout Southeast Russia, as well as in the middle and lower Volga and Ural regions. See CARRÈRE d'ENCAUSSE, Hélène. (1988) *Le Malheur Russe*. Paris: Fayard; and Vermadsky 1961.

⁷⁴ *Artels* are an ancient Russian form of association of free and equal members whose leaders were elected. See Chap. 3 CHALIDZE, Valery. (1977) *Criminal Russia*. New York: Random House. 33-67.

new regime well into the 1930s (Rawlinson 1997: 37). The definition of 'state crime' in Article 77 of the Criminal Code (adopted in 1928) reflects this situation as it states:

"the organization of armed gangs having the intention to attack government or public enterprises, institutions, organizations or private individuals, and in like manner, the participation in such gangs and the carrying out of such attacks." (Rawlinson 1997: 36)

Nevertheless, it was in the Soviet gulags⁷⁵ that the *vorovskoi mir* consolidated itself, and spread its influence. This closed society was held together by a strong, and romantically tinged ethical code⁷⁶ and "ideology" positing the non-political rejection of the dominant system's conceptions of morality, patriotism, and politics (Rawlinson 1997: 37). Self-contained and communitarian, it abhorred the state and legitimate society. The *vorovskoi mir* was and is made up of various groups most often divided along ethnic lines. They are led by *Vory v Zakone* (Thieves-in-law, professing or within the code), who have often spent most of their lives in jail. Also, they are:

"Chosen by others for their superior intelligence and indomitable spirit, they were the strategists for all undertakings in and out of prison; the clan representatives at nationwide policy meetings; the keepers of the common kitty to finance operations, bribe officials, and support convicts' families; the mediators of internal peace and arbiters of the code." (Sterling 1994: 47)

Although, the *vorovskoi mir* is being eclipsed in post-Soviet Russia, they provided a base "upon which more sophisticated and collaborative forms of criminal behavior could evolve" (Rawlinson 1997: 38).

⁷⁵ see the vivid description given in SOLZHENITSYN, Aleksandr I. (1974) The Gulag Archipelago. New York: Harper & Row Publishers.

⁷⁶ The Thieves Code forbids members from: having families and maintaining links with them; working; giving information on others; having any contact with state authorities or serve in the army. Members must: provide assistance (material and moral) to other members; be fluent in the *fenya* (argot); and apprentice youngsters. When conflict arises within or with another group, there must be a *skohdka* (meeting) to resolve the dispute, and determine punishment for "renegades". LUNGREN, Daniel E. (1996) "Russian Organized Crime: California's Newest Threat." State of California-Office of the Attorney General March; RAWLINSON, Patricia. (1997) "Russian Organized Crime: A Brief History." Russian Organized Crime-The New Threat? Phil Williams, ed. Portland: Frank Cass. 37-38.

E) Mafiya⁷⁷

While the *vorovskoi mir* laid the organizational framework and concentrated on purely criminal activities⁷⁸, the transition to the symbiotic stage could not have emerged if not for the development of underground networks of facilitators/fixers (*Tolkach*), and black marketeers under Brezhnev. The regime was caught in a catch-22 situation because it needed the black market to provide the goods and services⁷⁹ which the centrally planned economy could not produce and/or provide⁸⁰ to both citizens and industry. But the shadow or black economy did not solely concentrate on contraband goods. Rather, to a large extent it meant the use and appropriation of state property for personal profit. Thus Soviet state property was treated in the same way as that of the landowners and Czars of an earlier epoch. There was no moral ambiguity tied to the stealing of state property, in some perverse way it became a game, and the subject of jokes and anecdotes⁸¹. This is reflected in a popular saying of the time: “What belongs to everyone, belongs to no one, so why shouldn’t it be mine?” (Smith 1990: 187).

This initial toleration eventually developed into open collaboration as enterprise managers, bureaucrats, and Party officials became actively involved in the black market. Thus, a new type of criminal, and criminal organization emerged whose ethos was not

⁷⁷ This spelling is used in order to distinguish Russian organized crime from others, as well as convey the proper pronunciation of the word.

⁷⁸ Prostitution, narcotics, gambling, and other forms of contraband.

⁷⁹ These included industrial products, textiles, construction materials and equipment, foodstuffs, and consumer goods. Smith 1990: 187.

⁸⁰ In terms of consumer goods see KEHAYAN, Nina et Jean. (1978) Rue du Proletaire Rouge. Paris: Éditions du Seuil.

⁸¹ One such anecdote, recounted by Smith, is about a worker who leaves his factory one afternoon with a wheelbarrow covered with a piece of cloth. The guard at the gate lifts the cloth, looks underneath it, and, finding the wheelbarrow empty, waves the worker on. The next day, the worker shows up again with a wheelbarrow covered with a cloth. Again the guard checks. Nothing underneath the cloth, so he lets the worker pass. A third day, it happens again-the wheelbarrow is

crime, but profit. Moreover, as a new class of underground millionaires arose, organized criminals added extortion and racketeering to their repertoire. Thus:

“A compromise was made between the crime bosses [*vory*] and entrepreneurs. Criminal groups offered bodyguards to the underground businessmen, who were becoming targets for rival firms and ‘sorted out’ any potential competition. In return, crime bosses were allowed to invest in business and, in certain instances, take a seat on the ‘board of directors’.” (Rawlinson 1997: 45)

Therefore, the power vacuum left by the collapse of the Soviet Union (CPSU and central planning) was filled by those who had wealth: the *Mafiya*. As opposed to Western conceptions of the Mafia, the Russian version is not positioned against the state, but acts in collusion with it or with certain elements within it (Sherr 1995: 33). Nevertheless, the modern *Mafiya* is an amalgam of old-line *vory* and modern comrade criminals/gangster bureaucrats (Handelman 1995). Because of its wealth and networks, the *Mafiya* was able to quickly take advantage of the vast economic opportunities made possible by Yeltsin’s free-market reforms, and the weakness of the Russian state. Moreover, the ease with which it was able to set up its transnational connections is due to three factors: the imperial legacy; the presence of Soviet military bases throughout Eastern Europe; and the presence of Russian diasporas around the globe.

The imperial legacy basically refers to the fact that the production and distribution networks established during the Soviet reign were not obliterated by the founding of 15 new and independent states. Moreover, there were many internal diasporas with Russians living in Central Asia, and Chechens living in Moscow.

The second factor relates to the fact that Soviet military installations, located in Eastern Europe, have been a source of both men and material for various criminal

still empty. Finally the guard bursts out, in utter frustration: “Look comrade, you must be stealing something. What is it?” “Wheelbarrows,” the worker replies. Smith 1990: 187.

organizations moving West. The third factor is of more recent vintage as several Russian and other (Armenian, Chechen, etc.) colonies have been established throughout Europe, North America, Israel, and Australia. As we have seen in the case of Italian organized crime, these organizations⁸² follow the emigration patterns of their co-citizens.

Moreover, although Russian Interior Ministry figures indicate that the number of Russian organized criminal groups has grown (785 in 1990, roughly 8,000 in 1996 with 120,000 active members) (Dunn 1997: 63; Voronin 1997: 53), these numbers are not indicative of expansion, rather they highlight their fragmented nature (Williams 1997b: 11). Unlike Italian and Colombian groups which are based on family or clan ties, the Russian groups tend to be divided along ethnic, generational, territorial, and sectoral lines (Williams 1997b: 12). Overarching these divisions is the struggle between Russian/Slavic groups and Caucasian groups, primarily Armenians, Azerbaijanis, Chechens and Georgians, for dominance in Russia proper as well as throughout the world.

Total membership must also be put into perspective in order to avoid either exaggerating or downplaying the total extent of the problem. Total Russian membership is equivalent to that of the Yakuza, is higher than Italian and Colombian, but is dwarfed by the size of the Chinese Triads⁸³ who benefit from the fact that there are 55 million

⁸² Northern European (Dutch and German) groups do not follow this pattern, neither do the Colombians who, instead, establish trading posts throughout the world. VAN DUYNE, Petrus C. (1996) "The Phantom and threat of organized crime." Crime, Law & Social Change 24: 344 & 373.

⁸³ There are roughly 15,000 made members of *Cosa Nostra*-Sterling 1990: 45; The Colombian cartels are said to have approximately 24,000 members-LEE, Rensselaer W., III. (1992) "Colombia's Cocaine Syndicates." War on Drugs-Studies in the Failure of U.S. Narcotics Policy. Alfred W. McCoy and Alan A. Block, eds. Boulder: Westview Press. 95; Japan's Yakuza have a membership of roughly 100,000-STERLING, Claire. (1994) Thieves' World. New York: Simon & Schuster. 46; In Hong Kong alone there are a reported 300,000 Triad members-MYERS, Willard H. (1996) "The emerging threat of transnational organized crime from the East." Crime, Law & Social Change 24: 194.

Overseas Chinese living throughout the world (Myers 1996: 189). There are, however, an estimated 110 Russian groups operating in 44 countries (Dunn 1997: 63).

A better indicator of the growing power of Russia's organized criminal groups is the fact that in 1995, almost 25% of Russia's GNP (45 trillion rubles) was generated by the shadow economy while close to US \$ 300 billion worth of Russian capital was in foreign banks (Voronin 1997: 53-54).

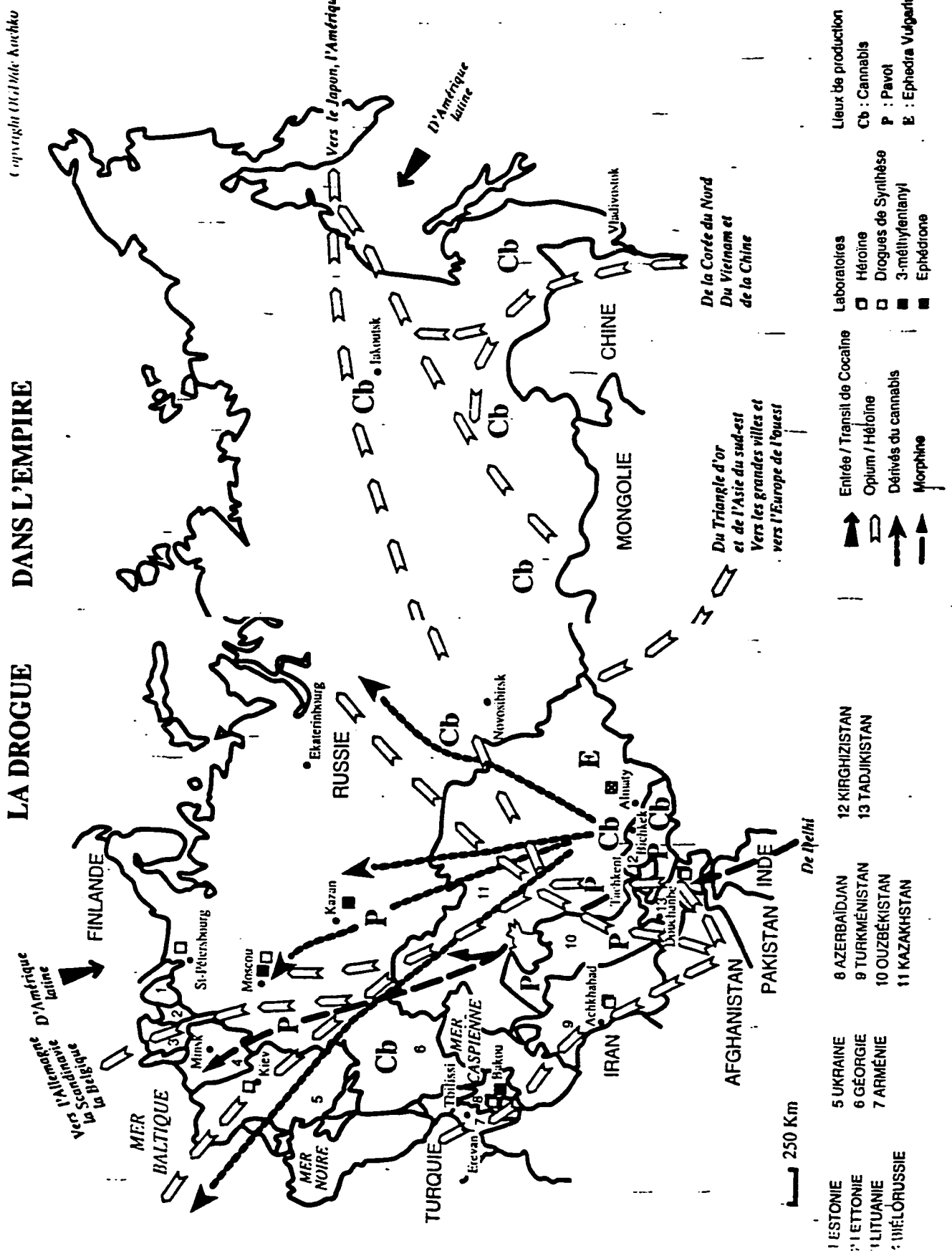
F) *Bespredel*

The Former Soviet Union has quickly emerged as a drug producing and trafficking superpower with a growing drug addict population⁸⁴, which is not to be confused with other types of substance abuse (alcohol, glues, fuels, and household chemicals) (de Kochko & Datskevitch 1994: 143). Heroin, marijuana, hashish, wild and synthetic ephedrine (*Ephedra Vulgaris*)⁸⁵ and various synthetic drugs are now being produced throughout the FSU (see map #4). Moreover, close to 14% of the FSU's population is now employed in some fashion by the drug industry as growers, chemists, soldiers, and distributors (de Kochko & Datskevitch 1994: 11). Moreover, the Colombian cartels are now principally using Russia as a transshipment point for cocaine on its way to Western Europe, Japan, the Persian Gulf, and the Middle East (Labrousse 1991: 134).

⁸⁴ By mid-1992 Russia had 1.5 million addicts, and the rest of the FSU had between 5 and 7.5 million. de KOCHKO, Dimitri, et Alexandre Datskevitch. (1994) L'Empire de la Droque-La Russie et ses Marches. Paris: Hachette. 12.

⁸⁵ This a powerful natural amphetamine, which is said to also stimulate women's libido and so is used to "facilitate" their entry into prostitution. de Kochko & Datskevitch 1994: 29. Nevertheless, most women are compelled to stay in prostitution because *mafia* enforcers threaten them and their families back in the FSU. SHELLEY, Louise I. (1997) "Post-Soviet Organized Crime." Russian Organized Crime-The New Threat? Phil Williams, ed. Portland: Frank Cass. 128.

Map #4: Drugs in the Empire
(de Kochko & Datskevitch 1994)



More importantly, however, drug profits have fueled: the civil war in Tadjikistan; Abkhasia's war with Georgia; the Chechen "war of independence"; and the Armenian-Azerbaijani conflict over Nagorno-Karabakh (OGD 1995: 36). In the latter, Azerbaijan received production and trafficking know-how from the Afghans, Iranians, and Turks who have joined their ranks in order to combat the Armenian Infidels/Kafirs (de Kochko & Datskevitch 1994: 168). Moreover, Azerbaijan has become a major synthetic drug manufacturer by transforming its chemical laboratories into production facilities concentrated in the city of Guiandja (de Kochko & Datskevitch 1994: 62).

Prostitution is the *Mafiya*'s means of introducing itself into a new market, as well as a means of establishing contacts with local groups (de Kochko & Datskevitch 1994: 100). Moreover, prostitutes can be used as mules to transport and distribute the drugs, and it allows them to progressively take control over certain, foreign, city districts (home bases). From there they eventually diversify their activities to include loansharking, gambling, kidnapping, contract killings, smuggling of contraband products, counterfeiting, product piracy, extortion, and alien smuggling⁸⁶ (see Table 3 & Maps #5, and #6).

As we have already seen, one of the most important contraband products are weapons. The opening of the Red Army bazaar has flooded the arms black market, and raised the specter of nuclear weapons and materials falling into the hands of rogue states,

⁸⁶ In 1994, there were an estimated 120,000 illegal immigrants in Russia: Afghans, Chinese, Koreans, Vietnamese, Somalies, Iranians, Sri Lankans, and Indians. Most were waiting for entry into the West, through Moldova, Poland and Sweden, but some have established themselves permanently, and brought with them their own criminal groups who prey on them. The most important of these groups are the Vietnamese. de Kochko & Datskevitch 1994: 102-103.

Table 3: Russian *Mafiya* Activity in Europe, Israel, and North America

Country	Cities (ordered by rank of importance)	Main Activities
Austria	Vienna	Prostitution, economic crimes ^① .
Belgium	Antwerp, Brussels	Prostitution, pornography, diamond, drugs and arms smuggling, economic crimes.
Cyprus ^②	Nicosia, Larnaka, Limassol	Economic crimes, real estate.
Czech Republic	Prague (transit and meeting point)	Extortion, protection rackets, drugs and arms trafficking, armed robbery, economic crimes.
Finland	Helsinki	Automobile theft, prostitution, smuggling of vodka, arms, drugs, illicit pharmaceuticals, and precious metals.
France	Paris, Côte d'Azur	Prostitution, bars & nightclubs, base for holiday homes, and permanent residences.
Germany	Concentrated in Eastern cities such as Rostock; Berlin, Hamburg, Frankfurt, Munich, Bremen	Prostitution ^③ , car theft, extortion, economic crimes, narcotics, arms, nuclear materials.
Hungary	Budapest	Car theft and smuggling, prostitution, protection rackets, bars, nightclubs, economic crimes.
Italy	Milan, Rome	Theft, robbery, arms and drugs smuggling, economic crimes.
Netherlands	Amsterdam, Hengelo	Transit point for narcotics trafficking, prostitution, pornography, car smuggling, economic crimes, and product counterfeiting.
Poland	Warsaw	Car theft and smuggling, extortion, prostitution economic crimes, narcotics and arms trafficking.
Spain	Marbella, Costa Del Sol, Gibraltar	Low level of economic crimes, holiday homes, and permanent residences.
Sweden	Stockholm	Refugee smuggling, false documents, kidnapping, car theft.
Switzerland	Zurich, Geneva	Money laundering and investment.
United Kingdom	London	Economic crimes, real estate, permanent residences (real estate).
Canada	Toronto, Montreal, Vancouver	Economic crimes, extortion, large-scale theft, smuggling of drugs, cigarettes, weapons and automobiles.
Israel	Tel Aviv, Jerusalem	Prostitution, economic crimes, extortion, real estate.
United States	New York, Los Angeles, Philadelphia, San Francisco. In all they are located in 17 cities throughout 14 States.	Economic crimes, drug and arms trafficking, extortion, contract killings, prostitution, auto theft, kidnapping.

① Economic crimes refer to money laundering, tax evasion, currency counterfeiting, embezzlement, gambling and fraud.

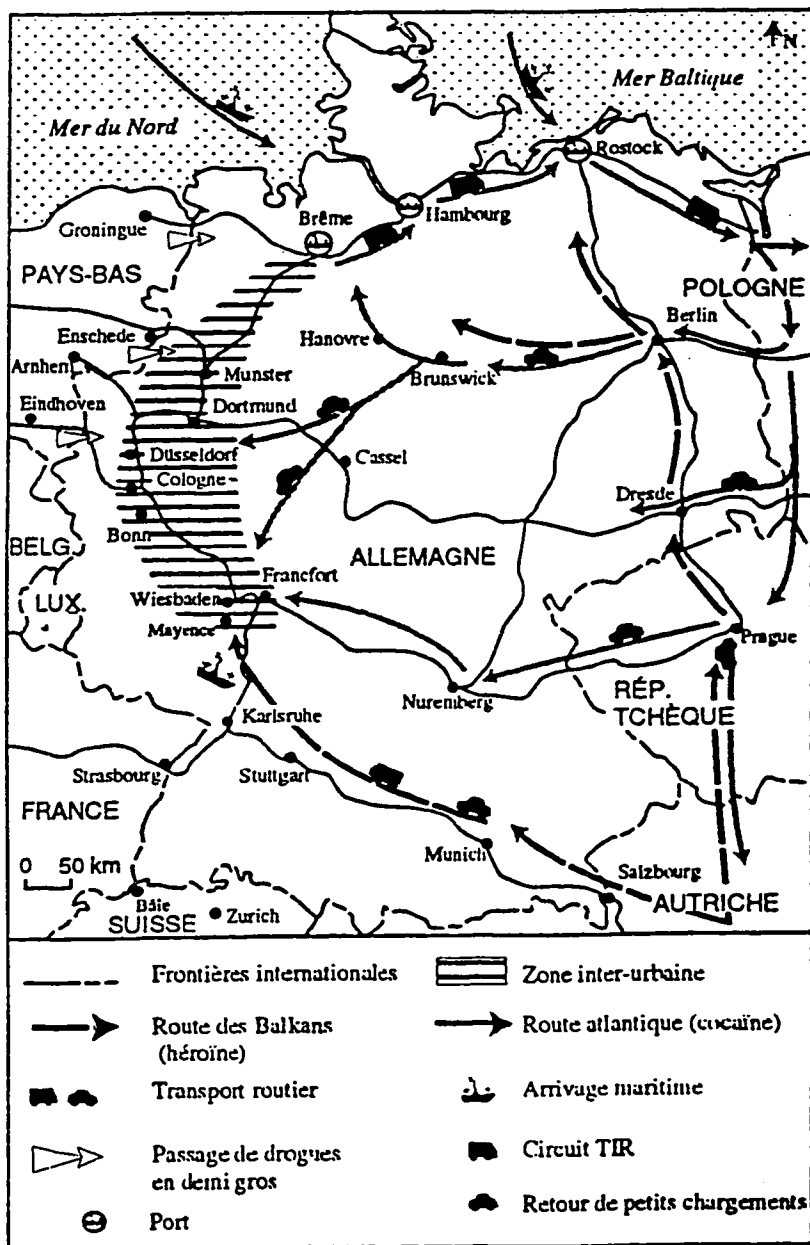
② Russia is the most often used foreign language on the island. de Kochko & Datskevitch 1994: 108.

③ There are an estimated 10,000 Russian women "working" as prostitutes. Dunn 1997: 83

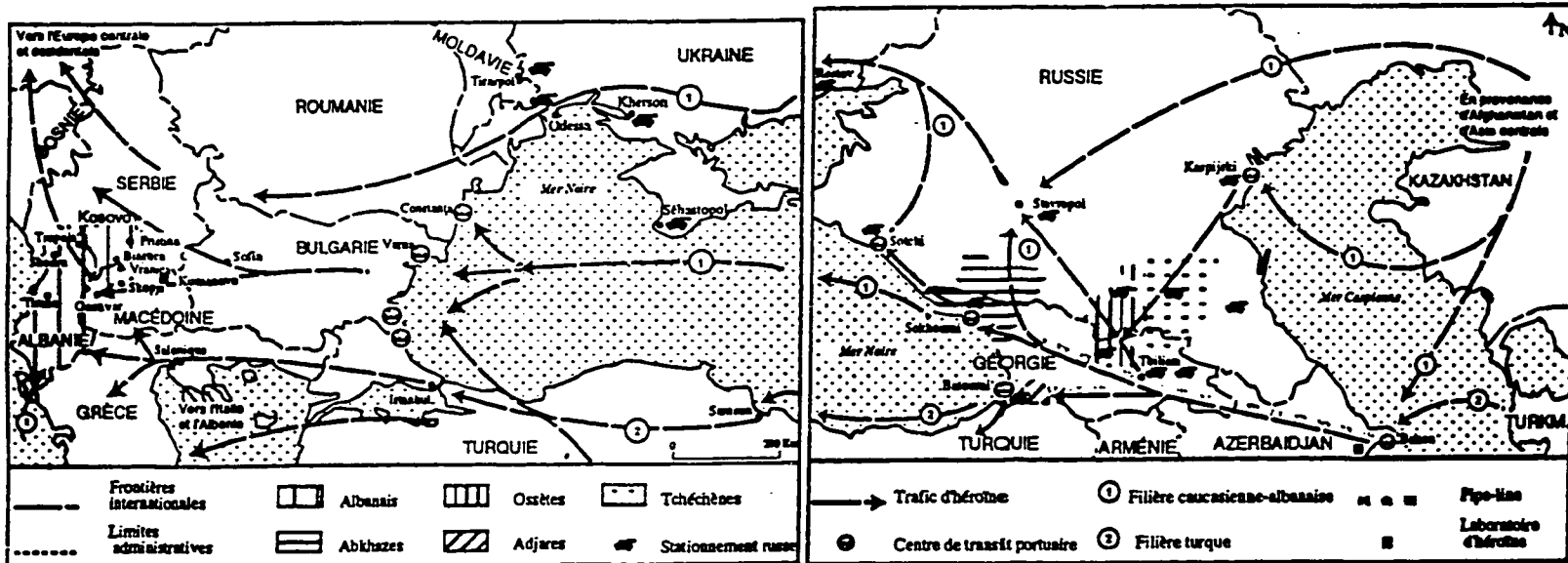
Sources: CISC 1996; Dunn 1997: 81-87; FBI 1996; Lungren 1996; OGD 1995.

Map #5: Germany's Networks
(OGD 1995: 162)

ALLEMAGNE : LES AXES DE PÉNÉTRATION



Map #6: Balkan & Caucasian Networks
(OGD 1995: 26-27)



such as Iran and Libya, and terrorist groups, such as Islamic Jihad⁸⁷. These super-terrorists could either use these weapons, or use them to blackmail certain states (Medd & Goldstein 1997: 293; Shelley 1995; Urlich 1994). Table 4 indicates that cases of smuggling have been increasing.

Table 4: Nuclear Smuggling Cases in Germany
(CSIS 1996 :13)

	1991	1992	1993	1994
Total Cases	41	158	241	267
Frauds		59	118	85
Believed True		99	123	182
Material Seized		18	21	19

Nevertheless, the Red Army is not the sole source of nuclear knowledge and materials. With military budgets being slashed, and state employees going unpaid for months at a time⁸⁷, the number of nuclear scientists and workers willing and able to sell their services has risen dramatically. Moreover, civilian research institutes can also be an important source of both (Handelman 1995: 226).

As we have seen, the uniqueness of organized crime in Russia is due to the interface between them and political power. It is here that criminals and their organizations attempt to gain legitimacy, to become *buzinessmen*. It is also a gray zone, where the distinctions between what is legal, and what is illegal blur, and merge.

It through the creation of their own commercial structures that they accomplish this (Kryshtanovskaia 1996: 53). In order to accomplish this, they have created their own private and legal coercive organizations (private security firms), they have become heavily involved in the privatization process, they have created numerous charitable and public organizations, and they have gotten involved in the political process by funding political parties, or founding their own political parties.

Private security firms, now employing an estimated 800,000 private law enforcers (Shelley 1997: 134), have most often been established and manned by former KGB⁸⁹ cadres, as well as former members of the armed forces and Ministry of Internal Affairs. They are usually at the service of individual enterprises, such as banks, businessmen, and

⁸⁷ In early 1993, the managers of a plant in the military city of Arzamas-16 in Central Russia received a letter, signed Islamic Jihad, requesting delivery of an "atomic bomb". HANDELMAN, Stephen. (1995) *Comrade Criminal*. New Haven: Yale University Press. 224.

⁸⁸ By the end of 1996, Russia's wage arrears had reached 42 trillion rubles. McFAUL, Michael. (1997) *Russia's 1996 Presidential Election*. Stanford: Hoover Institute Press. 79.

⁸⁹ Since 1991, the KGB has lost close to 50% of its Moscow based cadres. KRYSHATANOVSKAIA, Ol'Ga V. (1996) "Illegal Structures in Russia." *Russian Social Science Review* November: 47.

politicians. Moreover, they are armed with the latest weapons, communications and spying technologies. For Kryshstanovskaia:

“The efforts commercial structures make to safeguard private property have, in our view, contributed to the development of mafia organizations. Illegal coercive structures had to invent new ways to obtain profit in their struggle for survival and to strengthen their influence. This led to a professionalization of the mafia, as well as to the creation of coercive structures analogous to legal structures, but able to overcome hurdles facing the latter, for which purpose they try to recruit professionals. That is why the staff of such structures include-in addition to “legal thieves”, “authorities”, and warrior bandits-former athletes, Afghan veterans, and professionals, mainly from the Ministry of Internal Affairs.” (Kryshstanovskaia 1996: 48)

These private “armies” have thus usurped the state’s monopoly of coercion. It also bears witness to the challenges facing Russia’s main police force: the Militia. With the collapse of the Soviet Union, the Militia had to shift from political and economic control to crime control and the preservation of order (Williams & Serrins 1993: 125). This shift continues to be hampered by several factors.

Staffing is one of the Militias principal problems. Basically it has too few officers for the population it has to serve. Not only has it lost the 9 million *druzhinniki* (volunteers) who acted as a citizens’ militia, but it has lost many of its most capable cadres to private security firms who offer higher wages⁹⁰ and status. Moreover, low salaries and status has made it more difficult for it to recruit qualified personnel, and rid itself of those who are incompetent and corrupt⁹¹. This would also require reforming its training and administration because the Militia simply does not have the experience or the expertise to face increasingly sophisticated criminals. Administrative reform is needed because the Militia has lost its central political function. Both are needed if the Militia is

⁹⁰ In 1992, the average monthly salary for an officer was US \$ 12. WILLIAMS, James L., and Adele S. Serrins. (1993) “The Russian Militia: An Organization in Transition.” *Policing and Society* Winter: 126. For a full account of the Militia’s travails and its transformation see SHELLEY, Louise I. (1996) *Policing Soviet Society-The evolution of state control*. London and New York: Routledge.

⁹¹ The corrupt behavior of many Militiamen is due to *nishinstvo*-a poverty so desperate that one loses one’s shame and moral compass. Williams & Serrins 1993: 126.

to be transformed into a modern and competent police force which would be less vulnerable to corruption.

The Militia is also hampered by antiquated or non-existent equipment. Not only does it need computers, radios, telephones, weapons, and vehicles, but it also needs gasoline and ammunition. But as Williams and Serrins point out :

“As more government officials are forming ties with organized crime, they have less reason to support the political impetus necessary for serious reform of the militia. Thus political instability both increases social instability and makes it more difficult for the militia to obtain the needed support to fulfill its basic mission of law enforcement.” (Williams & Serrins 1993: 128)

The state is therefore unwilling or unable to provide protection to its citizens and their property. Having to fend for themselves, the idea of the state becomes an even larger abstraction, if not a threat. Moreover, what may be more worrisome are the increasingly close ties between organized crime/private security and municipal and regional officials. The inherent danger in this is that it feeds Russia's stateness problems, while providing organized crime with fiefdoms escaping Moscow's control. Such was the case in Chechnya, possibly the first criminal state. This is how Yeltsin justified his disastrous military intervention in the breakaway Republic which underscored the military's pathetic state, where ill-trained and equipped conscripts were lead by demoralized officers (Lambeth 1995: 91). This also points to organized crime's geostrategic role for:

“The timing of the Chechen gang's transformation from small bands involved in petty extortion and stolen-car rackets into sophisticated crime conglomerates trading in guns and drugs coincided with the rise of Chechnya as a financial and political force.” (Handelman 1995: 221)

Moreover, the Chechens sought to profit from the Russian economy while attempting to undermine it at the same time. This is evidenced by the Chechens' embezzlement of some US \$ 700 million from Russian banks by using forged promissory notes, a Soviet-era financial instrument. As Handelman points out, if this fraud had not

been stopped in time, it could have triggered the collapse of the national monetary system (Handelman 1995: 133).

But the Russian authorities may also be using their groups to this effect, for according to Sherr:

“First, like Communist parties, they are mechanisms of international integration: a function well understood by Baltic security elites who once feared that their countries might be invaded by Russian armies, but who now fear that they will be overrun by Russian-dominated organized crime. Second, the tools are deniable. Albanians and Bosnians, critical about enforcement of UN sanctions against Serbia, can supply evidence of collusion between the GRU, SVR, and KOS (Yugoslav intelligence) and local mafias, but that is not to say that they can prove that such collusion represents Russian state policy.” (Sherr 1995: 35)

Also, organized crime was heavily involved in spontaneous privatization (restaurants, bars, shops) because they had capital to invest, while other entrepreneurs had difficulty getting credit because many state enterprises continued to drain most of the state’s capital in the form of subsidies. It has subsequently become linked with the privatization of the financial sector, especially banking because it offers them, and their Sicilian and Colombian associates, easy access to laundering facilities. By August 1995, organized crime was said to control over 400 banks, and 47 exchange bureaus (Williams 1997b: 16). Moreover, this infiltration of the banking industry allows them to get preferential credit for their other ventures, such as in the advertising and entertainment industries. It also gives them access to private financial information, on individuals and their enterprises, which facilitates their extortion and blackmailing schemes.

They have also infiltrated industry by either purchasing enterprises, or by extorting their way on to the board of directors. It is here that the *Mafiya* has made much of its wealth, because it has gained access to industrial goods (steel, aluminum), and

precious natural resources⁹² which they have illegally exported and dumped on the world market, therefore making world prices tumble.

The creation of charitable foundations and other types of public organizations are used to legitimize these groups by reinforcing their Robin Hood image, and for money laundering. For example, they sponsor sports teams, from which they also recruit members, and re-build churches destroyed under Stalin thus draping themselves in the sanctity of the Holy Russian Church, and of Mother Russia. Other foundations have a purely political rationale behind their founding. It allows them to establish links with academics, experts, and politicians. They allow criminals to network within the establishment. Although, it may seem that the *Mafiya* is funding the institutions of Russia's civil society, they are actually hostile to it for it is seen as a threat to their interests (Shelley 1997: 129). Consequently, they intimidate or takeover those institutions which could pose a threat such as media outlets, pressure groups, and even academics⁹³. It is therefore not surprising that Russia has no self-sustaining anti-*mafiya* groups such as those in Italy (Shelley 1997: 129). Thus political mafiosi are inimical to substantive democracy for:

“one may say that the mafiosi support a strong centralized state with an authoritarian style of government. Internal policy should be based on the suppression of any resistance or disobedience. In the economy, the military-industrial complex and heavy industry should take priority. Mafiosi do not reject a foreign policy based on “cold war” principles. They have a suspicious attitude toward Western democracies. They tend to have a “conspiratorial consciousness”, to be suspicious, to plot against those who are not friends, and to see hidden intrigues in everything. Mafia leaders who take a political position usually are characterized by a militant patriotism and an inclination toward a charismatic type of leadership.” (Kryshtanovskaia 1996: 57)

⁹² The most important ones are: bauxite, carbon, cesium, chromium, coal, cobalt, copper, diamonds, gold, lead, manganese, nickel, oar, platinum, plutonium, silver, strontium, timber, tin, titanium, oil, uranium, and zinc.

⁹³ Ol'Ga Kryshtanovskaia received threats after having published an article, in Sociological Review, on the criminalized banking sector. Shelley 1997: 127.

So far there have been two *Mafiya* parties, and both have been failures because of the murder of their founders. The first attempt was made by Otari Kvantrishvili who founded the Sportsmen of Russia Party in the early 1990s. He appeared on television, established charitable foundations, and went as far as establishing an “ideology” justifying organized crime’s existence (Kryshtanovskaia 1996: 59). Basically it stated that since the *Mafiya* was the only social actor capable of regulating relations in the criminal world because it has its own police force, its own courts and penitentiary system, the authorities should not combat it, but cooperate with it (Kryshtanovskaia 1996: 59). Evgenii Podanov, another businessman, who founded the Christian-Liberal Party in Crimea (Kryshtanovskaia 1996: 59), made the second attempt.

Campaign financing allows organized crime to make its influence more invisible for it affords them personal access to politicians. Moreover, both groups often share the same tennis and golf courses, baths, athletic clubs, sanatoria in the countryside, summer houses, and country residences (Kryshtanovskaia 1996: 61). Through these contacts, they can influence policy in order to solidify their financial position and monopolies, obtain judicial adjustments, and gain a veneer of legitimacy. They are the new Boyars, a criminal elite which has grafted itself onto the ruling elite.

Chapter Six: Conclusion

Globalization and the ending of the superpower confrontation have altered the international system of states in such a manner so as to disable the analytical usefulness of Realism's discourse, and underlying concepts. Principle among these is the notion of state sovereignty, which can no longer be considered as a constant. Rather, it is a variable that is "subject to changing interpretations" (Barkin & Cronin 1994: 108), and distributions as is evidenced by the ascendance of national, international and transnational sovereignties. Thus, the unlimited power of the state, posited by Realists (Lauterpacht 1997: 140), is being redistributed to a large number of different actors.

Consequently, the deterritorialization of the state and sovereignty has necessitated a redefinition of the concept of security. Although states continue to be primarily concerned with the protection of their territory, the nature of threats and war have also changed. Clausewitzian wars, between two or more organized militaries, are giving way to Low Intensity Conflicts where the line between civilians and combatants has blurred, or been obliterated. Somalia and Yugoslavia are indicative of this shift where irregular forces confront each other, and/or an organized military force.

Moreover, threats come from non-military sources such as environmental degradation and organized crime, which may serve to exacerbate pre-existing tensions, and consequently lead to war. But they also demonstrate the inability of individual states to deal with them. In other words, the extent and power of these new security threats dwarf states.

Transnational criminal organizations are not necessarily a threat to the survival of states. Rather, they represent a major hurdle to the construction of a strong state in that

they gain more if the state is weak, and therefore unable to challenge or threaten its wealth, power and status.

What they are, however, is a threat to public security, which is one of the state's principal functions. Unable to protect its citizens, the state becomes an empty shell as citizens are left to fend for themselves. This only compounds the already bewildering social and economic changes brought on by globalization. Consequently, transnational criminal organizations should also be considered to be a threat to strong states whose political systems are based on trust.

Also, we must not forget the authoritarian streak running through most of these organizations, for although they have taken advantage of, and even profited from chaos and turmoil (*bespredel*) they can no longer tolerate it once they have achieved a certain level of wealth, power and influence. Neither can they tolerate the existence of a strong civil society for it also threatens their ill-gotten gains.

Dirty money, leaked guns, and drugs desire darkness and opaqueness, and that is what the global economy affords them by the sheer volume of trade and financial transactions. As we have seen, the latter could not have flourished if not for the active participation of states and their governments, for it is they who have decided to establish offshore financial centers, to arm various client groups and states, and to structurally adjust their economies. That is not to say, however, that they knowingly and willingly sought this outcome. Rather, these criminal organizations are symptomatic of an emerging global society. In other words, global society, as is the case with other types of societies, has its own criminals. The problem is not only that it does not yet have its own police force, and only an embryonic judiciary to secure the international dimension of

public security, but that these groups are actually framing some its rules especially in its *terrae incognitae*.

Russian transnational organized crime does represent a threat to both Russian society, and state. The danger is that the population will come to equate democracy and the free-market with the right to murder and pillage, and consequently turn their anger into political capital and support for a party or candidate who offers them tough law and order measures.

Such a turn of events presently remains unlikely because Russian society continues to be averse to massive bloodlettings, which would certainly result if such a party ever took power. However, even if this were to occur it is unlikely that organized crime would be dislodged. At best it would return to hibernate in the gulag, at worst it would retain its power and wealth, and possibly even increase them as a result.

This is why we reject what has been termed the best-case scenario school of thought which basically posits that organized crime is a transient phenomena, fulfilling certain key functions (contract enforcement) during this stage of primitive capital accumulation. To this they often add the Al Capone/Chicago of the 1920s analogy, which we deem to be tenuous at best because it ignores the fact that Capone never threatened the existence of the American state or civil society. Never could he have had access to the highest political and bureaucratic levels, as is the case in Russia and throughout the FSU. Neither did Capone fund, or arm the Illinois Liberation Front.

Nevertheless, it serves no purpose to inflate and exaggerate the threat organized crime poses to both Russia, and other states including our own for it tends to paralyze the

policy-making process by transforming the threat into a Biblical-style cataclysm. That is not to say that the phenomenon is not a daunting one however.

What we have attempted to demonstrate is that the growing power, wealth, and influence of organized crime, in post-Soviet Russia, could have been averted if Russia's post-Soviet leaders had decided to dismantle Soviet political and economic institutions, while at the same time creating new institutions which would allow democracy and civil society to flourish. This window of opportunity, however, was missed and allowed organized crime to consolidate its position and that of the old *nomenklatura* which feared the loss of its former power and privilege. Thus, it was not inevitable, but the perverse effect of inaction on the part of the reformers, and active obstruction on the part of the *nomenklatura*. We are not, however, suggesting that organized crime would not have been present if the needed reforms had been initiated. Rather, the scale of the problem would have most probably been smaller.

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